

1962

IN THE COURT OF THE TRANSPORT TRIBUNAL

SOUTHAMPTON
UNIVERSITY
Parliamentary
Papers
Library

IN THE MATTER OF THE APPLICATION (1962 No. 2) MADE BY
THE BRITISH TRANSPORT COMMISSION IN PURSUANCE
OF SECTION 23 (5) OF THE TRANSPORT ACT, 1953

FOR THE ALTERATION OF THE BRITISH TRANSPORT COMMISSION (PASSENGER) CHARGES SCHEME, 1959

TUESDAY, 5th JUNE, 1962

SECOND DAY



LONDON: HER MAJESTY'S STATIONERY OFFICE

1962

PRICE £1 8s. 0d. NET

1871

PROCEEDINGS OF THE TRANSPORT TRIBUNAL

TUESDAY, 5th JUNE, 1962

PRESENT:

SIR HUBERT HULL, C.B.E. (*President*)

J. C. POOLE, Esq., C.B.E., M.C.

H. H. PHILLIPS, Esq., O.B.E.

Mr. E. STEWART FAY, Q.C., and Mr. T. R. CRAWFORD (instructed by Mr. M. H. B. Gilmour, Chief Solicitor to the British Transport Commission) appeared on behalf of the British Transport Commission.

Mr. R. W. GOFF, Q.C., Mr. LEON MACLAREN and Mr. GEORGE MERCER (instructed by Mr. J. G. Barr, Solicitor to the London County Council) appeared on behalf of the London County Council.

Mr. S. H. NOAKES (instructed by Mr. W. O. Dodd) appeared on behalf of County Borough Councils of Brighton, Eastbourne, Hastings and the Borough of Worthing.

Mr. D. COLLARD (indicated by Mr. E. R. Farr) appeared on behalf of Barking Borough Council and South Essex Traffic Advisory Committee.

Mr. E. A. MACHIN (instructed by Mr. D. Heap, Comptroller and City Solicitor) appeared on behalf of the Corporation of London.

Mr. P. M. VINE, Deputy Town Clerk, appeared on behalf of the County Borough of Southend-on-Sea.

Mr. B. SLATER, appeared on behalf of the County Borough of West Ham.

Mr. F. H. B. CLOUGH, appeared on behalf of Middlesex County Council.

Mr. L. F. N. INNES, appeared on behalf of Surrey County Council.

Mr. J. LANGLEY, appeared on behalf of Leyton Borough Council.

Mr. F. A. RULER, represented the Federation of Residents' Associations in the County of Kent.

(*Mr. Fay*): One of the ceremonies associated with these Inquiries is the giving, as they become known, of the figures of receipts week by week in order that the blanks in such tables as RMR 4 can be filled up. I am in a position to give another week this morning.

(*President*): We are up to the 20th, are we?

(*Mr. Fay*): You are, Sir, and we now have the results for the week ending May 27th. This is RMR 4. For that week the actual receipts were £1,749,000; the weekly deviation from budget is minus £11,000 or minus 0.6 per cent; the cumulative figures now come to £35,447,000, a deviation from budget of minus £138,000; a cumulative deviation of minus 0.4 per cent. My learned friend will now resume with Mr. Winchester.

MR. WISHART INGRAM WINCHESTER recalled

Examination continued by MR. CRAWFORD

119. Mr. Winchester, at the conclusion of yesterday's proceedings you had been giving your views to the Tribunal about the fructification of the schemes in the London Area and their effect on the average which was taken in the Special Account under the 1957 Transport (Railways Finance) Act. You expressed the view, broadly, that the London Area schemes were either in, or coming to, fructification at a higher rate than the average. I think you would like to develop the argument in respect of the average itself in the light of comments made at the time the Act was passing through Parliament?—Yes.

120. Have you extracted from Hansard of the 3rd December, 1956, column 910, the comments then made by Mr. Watkinson, then Minister of Transport, in relation to this averaging of the Special Account?—I have, yes.

121. Would you tell the Tribunal what he then said?

(*President*): What are we hearing this as? — Mr. Watkinson as an expert on Railways, Civil Engineering, as a Politician or as a Draughtsman?

(*Mr. Crawford*): The province of it is to indicate that the average of the Special Account was a very broad generalisation intended, in the light of then forecasts, to cover the whole of British Railways, and that there is a special difference between that whole average and the London Area schemes which have already been dealt with.

(*President*): We do not want evidence like that. If you think Mr. Watkinson's remarks are important, they could be incorporated in Mr. Fay's address, could they not? It does not do us any good Mr. Winchester reading to us out of Hansard.

(*Mr. Crawford*): If you wish, Sir. No doubt the matter can be dealt with finally in argument, but perhaps I might ask Mr. Winchester this, rather than ask him to quote from Hansard—

(*President*): I would sooner have Mr. Winchester's own opinion here, you know; we can cross-examine him, we cannot cross-examine Mr. Watkinson.

(*Mr. Crawford*): I will ask Mr. Winchester to elaborate his views about the earlier fructification of London Lines in relation to the whole average rather than ask him to read Mr. Watkinson's views. I dare say Mr. Winchester's current views are of greater advantage to the Tribunal than what Mr. Watkinson said in 1956.

(*President*): I always do my best at these Inquiries to prevent people reading to us out of Hansard because it could go on for ever with arguments on both sides, or no sides.

122. (*Mr. Crawford*): It was a short extract, Sir; but in the circumstances let us have Mr. Winchester's views. (*To the witness*): Will you, then, elaborate what you said yesterday about the necessity of considering London Lines' scheme fructification separately from the broad average of the Special Account?—Yes. The three years, or three years plus the year in which the expenditure was incurred, which was adopted in the Transport (Railways Finance) Act, 1957, was an average intended to cover all the schemes then contemplated under the modernisation plan. It was, of course, appreciated that some of these schemes would be completed more quickly and would fructify more quickly than others. I think I instanced that a lot of the

5 June, 1962]

MR. WISHART INGRAM WINCHESTER

[Continued]

freight schemes may take a long time to fructify. If you install a marshalling yard you make some economies but you do not get the full fruits until you modernise the whole line. In the same way with major electrification schemes like the London Midland electrification that job takes a very long time to carry out. Modern wagons cannot be fully utilised or make their full contribution until the whole railway is modernised. Equally if you have both diesel locomotives and steam locomotives working in a particular area (as you often have), you are not really getting the full benefit of your new diesel locomotives. On the other hand, the schemes we are looking at in London which I have set down here are making their contribution and are, to a large extent, fructified, though one would hope that we will continue to get further benefits from them in the future; but they are substantially fructified as soon as they come into service and, therefore, it seems to me right on the average that they should be regarded as bearing their share of the interest rather sooner than some of the other schemes which are not affecting the London Lines position.

123. As a matter of practical accounting as distinct from the necessity of the bringing as a charge against revenue of this interest, do you consider it right to take into account the extra £2m. which you have mentioned as being the figure still in the Special Account in relation to these London Lines schemes?—Yes; I think these schemes should, as soon as they can, be meeting their interest charges. It is, perhaps, important to remember that in so far as we have charged interest in that Special Account we have to borrow the money nevertheless and we are paying interest on interest; we are paying the interest on that interest immediately.

124. Perhaps an analogy would be to the private overdraft which is not subject to repayment on which interest is charged and then, of course, if one is not making any reduction in that, further compound interest is chargeable on that interest?—That is so, yes.

125. Is it precisely the same position in relation to the Special Account?—Yes.

126. I do not know whether you can help us on this: Of the £1m. of interest from the Special Account which has already emerged, can you give any indication of the amount of interest still in that Special Account on that interest?—I think that would be very small because the £1m. is mainly, to some extent anyway, pre-Special Account, it arises from the years before there was a Special Account; but some part of the £1m. arises from interest which has emerged in the Special Account. If you say half of it, then there would be three years' interest on that, 15 per cent which has emerged which would be additional interest. It is a much larger proportion when you come to the total figure of £3m.

127. In calculating your £3m. which you have worked out in your WW2, does that in itself include any sum for interest upon interest?—No, I have not allowed for that. It would obviously deplete it by several hundred thousands, but I have not worked it out.

128. Having regard to those matters with which you have dealt, do you consider that the minimum sum of contribution to Central Charges by London Lines is your £3m. figure?—Yes.

129. What do you think is a more realistic figure having regard to the arguments which you have just put forward?—I think the more realistic figure to use is the maximum figure which I have suggested of £5m.

130. May we move to the subject of reserves. Has it been an argument which you have advanced before this Tribunal in the past that there should be, in addition to the contribution to Central Charges, a figure from London Lines in relation to proper reserves?—Yes.

131. And have you said in the past that the reserves should include, not only a provision for development, but also a figure to bridge the difference between historic depreciation costs and replacement costs?—Yes, these have been the two elements which I have always argued for in the past.

132. Since you last gave evidence to the Tribunal in 1961 has your argument been reinforced by a statement of Government policy?—Yes. I regard the publication of Government White Paper on the Financial and Economic Obligations of the Nationalised Industries as a very important contribution to this subject, giving full support to the view that I have expressed in the past.

133. Do you draw the Tribunal's attention to Command Paper 1337 presented to Parliament in April, 1961, in particular to paragraph 19?—I do; the substance of the matter is in paragraph 19.

134. I think the intention of the Government is to fix financial targets for the Nationalised industries?—That is the intention they have expressed, yes—"objectives" is, I think, the word they used.

135. So far as the Railways are concerned, in the present state of flux has it been practicable to enter into any discussions in relation to targets at the present time?—Not at this time certainly, no.

136. Is that a matter which obviously must be done if this policy is to be followed?—Certainly.

137. That no doubt will not be until the Transport Bill is (if it is) passed into law; is that right?

138. (President): No, it would not be right. You must not say "Yes" to that, because obviously as a matter of common sense discussions will have been going on on the footing that the Bill will be passed into law. (To the witness): You do not agree with that?—I agree with you, yes, Sir. I think the kind of financial objectives that the Railways and the other divisions of the Commission ought to be aiming at have been the subject of preliminary discussions, but not in any definitive way.

139. (Mr. Crawford): At any rate, I suppose no final conclusion can be reached until the ultimate legal set-up is known?—Well, presumably the arguments will proceed separately, by separate divisions of what now constitutes the separate divisions of the Commission.

140. Your WW1 throws up a net receipts of £4m. to meet Central Charges and reserves, and WW2 shows a minimum interest contribution of £3m.?—Yes.

141. So that on your minimum basis there is £1m. in respect of contribution to reserves?—That is so.

142. Can you tell the Tribunal what London Lines should contribute to the difference between the historic cost depreciation and replacement cost?—Yes, £0.3m.

143. Can you say how that £0.3m. is calculated?—That is calculated by bringing up to current price levels the provision of assets not life-expired, that is to say assets currently subject to historic cost depreciation. It does not take into account any provision in respect of life-expired assets which, of course, also require renewal.

144. It is the minimum basis of calculation, is it, between historic and replacement cost?—Yes, it is.

145. I suppose it also does not take into account the lifting of the non-life-expired assets which are in the course of depreciation?—That is so; it does not attempt to make good the arrears of the past.

146. In addition to that minimum contribution to the difference between the historic and replacement cost, is it desirable that London Lines should contribute to reserves for future capital development?—I think it is, yes. All the evidence is that with increasing population trends in the suburbs and increasing traffic into London with the heavy peaks we are now suffering from, British Railways will eventually have to embark on major schemes of capital expenditure to cope with that increase in traffic into London.

147. Is the general trend in the suburban areas for the populations to expand and traffics to increase into the centre?—It is, yes; and also the trend so far has been for these traffics to get more and more concentrated into the peak.

148. Do you envisage the prospect of major capital works to cope with that trend?—I am afraid they will be necessary, yes.

5 June, 1962]

MR. WISHART INGRAM WINCHESTER

[Continued]

149. In regard to the two factors, the depreciation factor and the possible capital development, what do you think is a minimum figure which London Lines ought to contribute to reserves?—I think the £1m., which is the difference between the minimum Central Charges and the balance shown here, is an absolute minimum figure and it would be sensible and reasonable to provide a good deal more if we could.

150. (Mr. Phillips): There is just one point on which I am not following you, if I may interrupt. You show in WW1 that you have a balance of £4m.?—Yes.

151. To cover Central Charges and reserves?—Yes.

152. WW2 shows that you have an interest liability of £3m. additional?—Yes, additional to the original £2m.

153. Making £5m.?—That is so, yes.

154. I thought you were saying that you had a balance of £1m.?—No. I am saying if it was thought that I should only put forward the minimum figure of £3m. (which is the original £2m. plus £1m. out of this), at the very lowest figure one could conceivably use for Central Charges I have a balance of £1m. But I do not regard myself as having a balance at all.

155. I follow you now. I thought you were saying you had a balance even if you tried to get your £5m.—No, Sir.

(The witness withdrew).

MR. ERNEST ARTHUR WALTER DICKSON, SWORN

Examined by MR. FAY.

159. Are you Ernest Arthur Walter Dickson?—Yes.

160. Are you Chief Passenger Officer of British Railways Central Staff at the Commission's Headquarters?—Yes.

161. Have you held that position since April, 1955?—Yes.

162. Are you the Officer responsible for passenger commercial matters, including fares, relating to British Railways?—Yes.

163. You have been a witness at these Inquiries before and, as you then mentioned, I think you have been an Officer of the Railways since 1934?—Yes.

164. Are you Chairman of the Commercial Committee on the passenger side of British Railways?—Yes.

165. Are you here to deal with the increases which are confined to season ticket rates on British Railways outside the London Lines?—Yes.

166. Were those increases in season ticket rates applied by British Railways as from last Sunday?—Yes.

167. To start with may we enquire into the yield of season tickets outside London in the past. First of all perhaps I should ask you this: Are these rates the same outside as inside London?—Yes, it is a common scale.

168. In the past there have been differences?—Yes.

169. But they have now come together?—Yes.

170. (President): Were they brought together by the amendment of the 1959 Scheme?—They came apart then.

171. (Mr. Fay): That was the first amendment. I think they came together as a maximum last January; in fact I think the maximum was the same, was it no, after the last Inquiry?—After the last Inquiry, yes.

172. I think it was the first of the amendments of the Scheme. Of course one has difficulty recollecting which are divergences of practice and which of maximum; but, at any rate, practice and maximum are now alike, are they?—Yes.

173. Last Sunday's increase was approximately half within the powers you have possessed since the 1st January and the other half pursuant to the temporary powers granted by the Tribunal's order?—That is so.

156. I could not work out where the other £1m. was coming from.—No.

(Mr. Crawford): I think the difference is the £2m. which has not yet emerged.

(Mr. Phillips): I had not overlooked that, but I was comparing the £5m. and the £4m.

(President): The confusion rests on the use of the word "balance", as though Mr. Winchester was talking about something he had to play with.

(The Witness): We have not been in that happy position yet, Sir.

157. (Mr. Crawford): One final matter: As my learned friend mentioned in his opening, the provisional figure for London Transport's contribution to Central Charges has been agreed between you and London Transport, has it not?—We have agreed for budget purposes a provisional figure of £7.5m., yes.

158. For the contribution in 1962?—Yes.

(Mr. Crawford): Unless you have any questions, Sir, that is all I wish to ask the witness.

(President): Does anyone wish to cross-examine Mr. Winchester now? (No reply). Then nor do I.

174. Again approximately, those increases are about five per cent each, are they?—Yes, making a total of 10 per cent.

175. At the same time as the season ticket rates were increased were British Railway's ordinary fares increased?—Yes, they were.

176. Is there, in consequence of the two increases, a maintenance of the relationship between the two?—That is so.

177. Can you give as an illustration the percentage of saving to a season ticket holder as compared with buying ordinary tickets at different mileages?—Yes. Taking the monthly second-class season ticket rate and assuming 22 return journeys a month (that is roughly on a five-day week), the saving to a season ticket holder compared with travelling at the ordinary full fare amounts to 44 per cent at 20 miles, 58 per cent at 40 miles, and 64 per cent at 60 miles.

178. At higher miles do the discounts increase?—They increase, yes.

179. (President): By far the greater proportion of season ticket travellers would fall below 60 miles, would they not?—Yes; the average distance for a season ticket holder outside London is 21 miles.

180. (Mr. Fay): That is where he gets 44 per cent, or perhaps a little better?—About that.

181. You gave 44 per cent as 20 miles?—Yes.

182. Can you give the rate per mile in pence per mile which a season ticket at the rates sought to be authorised involves?—Yes. On the same assumption of 22 return journeys a month, the average rate per mile at 20 miles is 1.67 pence, at 40 miles it is 1.24 pence and at 60 miles it is 1.07 pence.

183. I do not know whether you have had an opportunity of scrutinising Sutton Coldfield's objection, because they have given a little Table of these charges per mile.—Yes.

184. I daresay you could confirm that they are about right?—They are about right.

185. I say "about", because they vary from what you have given by 0.01 pence at 40 and 60 miles.—They are broadly correct.

5 June, 1962]

MR. ERNEST ARTHUR WALTER DICKSON

[Continued]

186. (Mr. Fay): That is appendix "A" to Objection No. 17, Sir. (To the witness): You mentioned that there was a continuance of the same relationship between the ordinaries and the seasons. Last year when you were here you put in a Table AD 1 (which is printed at page 46 of last year's transcript) giving the indices of increase since 1952 and the comparable indices for the ordinary fares?—Yes.

187. Did you hear me yesterday give the comparable indices for the new present season ticket rates?—Yes.

188. And do you confirm that the figures I gave are correct?—That is so.

189. The threepence a mile, on the basis of 1952 as 100, represents 171?—Yes, a 71 per cent increase.

190. Is 171 in fact the index for the increase of seasons at 50 miles?—That is so.

191. At 10 miles it is 176 and 20 miles 174?—Yes. On the average distance that I mentioned just now of 21 miles it is 75 per cent. So that 75 per cent compares with 71 per cent on the ordinaries.

192. (President): When you say 75 per cent, it is 75 per cent above the base?—Yes, above the base.

193. When we have been talking in terms of 170, 171 and 174, and we suddenly switch to 75, it sounds as if you are moving into a different world.—I meant a 75 per cent increase.

194. (Mr. Fay): Let us stick to indices and avoid percentages. I think that is all I have to ask about that part of the matter. May I now come to the revenue from season tickets outside London. I think if one takes the trouble to go back to your evidence last time you said that the season ticket revenue outside London—and for the record this is at page 30, column 2—was forecast for the year 1960 at £7,660,000?—Yes.

195. At what level of charges was that?—That was at the 1st November, 1959, level of charges.

196. What did you then forecast as the net yield from the increases made in May, 1960?—The forecast for a full year was £220,000.

197. How much was expected to accrue during 1960?—Approximately £140,000.

198. So adding £140,000 to the £7,660,000 you get £7,800,000?—That is right.

199. That is your forecast?—Yes.

200. What in fact were the actual receipts for 1960?—They were £8,034,000.

201. That is to say, you got more than you expected?—Yes, about £230,000 more than the anticipated yield.

202. That is 1960. Does that in your view indicate that the increases in season ticket rates do not have a deterrent effect upon traffic at that level?—By and large, yes.

203. I ask that because of the Objections of some places like Brighton and Hastings. What was the budget forecast for the yield of season tickets outside London in 1961?—That was £8,882,000.

204. At what level of charges?—That was at the May, 1960, level of charges.

205. I think a further increase was made on the 1st September, 1961?—Yes.

206. How much was that estimated to add to the budget in the calendar year 1961?—It would apply, of course, to the last four months of the year and it would add about £70,000.

207. That put the estimate for the year up to £8,952,000 I think?—Yes.

208. What were the actual receipts for 1961?—They worked out at £8,742,000.

209. That was below estimate?—That was below estimate.

210. Can you give a reason for that?—It is very difficult to allocate reasons to particular trends like this, but I think where we possibly went wrong was that when this estimate was made we did not know what was going to happen to those travellers who had previously travelled on early morning return tickets which had been withdrawn.

211. Which had been withdrawn when?—Which had been withdrawn at the beginning of 1961 outside London.

212. So the whole of 1961 was a time when previous early morning return ticket holders would travel on some other ticket?—Yes. I think looking at it now we possibly made too great an estimate for the transfer from early mornings to season tickets.

213. Would many of the early morning travellers have the alternative of a cheap day ticket?—Yes.

214. You had to estimate how many would go to that form of ticket and how many to the seasons?—That is so.

215. And you think that is where the error lay?—I think so, yes.

216. That is 1961. What is the budget forecast for seasons outside London for the present year, 1962?—That is £9,969,000.

217. At what level of charges?—That is at the September, 1961, level of charges.

218. That represents an increase, I think, on the previous year's estimate allowing for the difference in fare; you are budgeting for an increase in passenger journeys or tickets sold?—We are budgeting for an increase in business.

219. From the increases introduced last Sunday what is the anticipated yield?—Approximately £600,000 per annum.

220. Can you divide that between the increases the subject of this Inquiry and the increases made under pre-existing powers?—Very roughly it is 50/50, £300,000 under our existing powers and £300,000 under the Application.

221. In arriving at that yield, in total, £600,000, have you estimated a loss of traffic to produce a discounted yield?—Yes.

222. What have you done to estimate the discount?—We have estimated that we may get a loss of 3 per cent.

223. That yield is a small amount compared with the deficit which was mentioned yesterday.

(President): We are concerned to-day only with the £300,000 additional season ticket revenue outside London.

224. (Mr. Fay): Yes, Sir. (To the witness): So far as money is concerned, would you be justified, in your view, in asking for a great deal more from season ticket holders?—So far as money is concerned, yes.

225. Why have you not?—We feel at the moment that for commercial reasons the amounts of the increases that we are asking for are about the maximum at the present time.

226. To complete the financial picture of the present operations outside London, although it is not the subject of this Inquiry may I ask you what is expected to be the yield of other increases within maximum powers made last Sunday?—So far as British Railways other than London Lines are concerned, the estimated yield from the increase in ordinary fares and in the rates related to those ordinary fares is put at about £3.9m.

227. With the £600,000 from seasons, that means an increase in passenger revenue of £4½m. per annum, does it not?—Yes. If I could just add to that so far as British Railways are concerned, the £1.6m. from London Lines gives British Railways as a whole an increase of £6.1m.

228. The only other matter I have a note to ask you about is a small point arising again on Sutton Coldfield's objection, Objection No. 17, where they say, apparently as an assertion of fact, at page 2 of their Objection that "recent increases are known to have reduced the revenue available to the Commission from shorter distance rail travel in the Borough of Sutton Coldfield". Do you accept that as a statement of fact?—No, I do not.

5 June, 1962]

MR. ERNEST ARTHUR WALTER DICKSON

[Continued]

229. Have you in fact obtained some figures of the passenger journeys and revenue from stations in Sutton Coldfield?—Yes. If we take Sutton Coldfield itself and the comparison is between January of this year and January of 1961, there was an increase both in the number of bookings and in the revenue.

230. That is what sort of distance journeys you are taking there?—Short distance journeys.

231. How do you define "short distances"?—Well, they go as far as Birmingham in one direction and Litchfield in the other.

232. That is the range you are taking?—That is the range I am taking.

233. (President): What Sutton Coldfield say is open to more than one construction. On one construction they are talking about rail travel within the limits of the Borough. I do not quite know how big the Borough is, but the rail travel is probably small. (To the witness): How many stations are there within the Borough?—I mentioned Sutton Coldfield and I have three or four other stations which are adjacent.

(The witness withdrew)

(President): Mr. Fay, I appreciate, and generally agree with, your desire to limit the number of Exhibits, but I would think it more useful if some of the figures in Mr. Dickson's evidence were reduced to writing.

(Mr. Fay): Anything you wish will, of course, be supplied. I was trying to imagine what figures you were referring to. The revised Table 1 in which he gave figures to attach to last year's table could be provided at once.

(President): No, I was not suggesting that, but you did give us a number of figures about yield, and so on.

(Mr. Fay): Yes.

(President): Could there not be a table, or piece of paper, giving a number of pieces of information in staccato form?

234. You probably do not know whether they are within the Borough or not?—I do not, no.

235. You are giving us a figure, not so much of rail travel within the Borough, as rail travel by travellers beginning in the Borough and not going very far.—Yes.

(Mr. Fay): I must confess I thought Mr. Dickson's approach was the commonsense one, because I should have thought there was minimal rail travel inside a Borough of that kind.

(President): So should I, but it may be a very big Borough, I do not know.

236. (Mr. Fay): You do not happen to know which stations are in fact in the Borough?—I do not, I am sorry; I could get the information.

(Mr. Fay): I do not think we need bother. That is all I have to ask Mr. Dickson.

(President): Does anyone wish to cross-examine Mr. Dickson now? (There was no reply.)

(President): Very well.

(Mr. Fay): Yes, indeed.

(President): I agree that it may sound an indication of laziness on my part, because one can read them in the printed notes, but it is very nice to be able to take away Exhibits and have all the essential arithmetical information.

(Mr. Fay): Yes, indeed, it is always a forensic problem to know what to put into an Exhibit and what to put into a document. I am bound to say that figures are very often more readily digestible when seen in a table.

(President): Think about it; I shall not direct anything.

(Mr. Fay): I was thinking about the evidence of my last witness, Mr. Robbins.

MR. ARNOLD GODFREY EVERSHERD, SWORN

Examined by MR. FAY

237. Your full name is Arnold Godfrey Eversherd?—Yes.

238. Are you the Chief Financial Officer of the London Transport Executive?—Yes.

239. Are you responsible to that Executive for accounting, costing, budgeting and the internal audit work of the Executive?—Yes.

240. You gave evidence at the last Inquiry, last year?—I did.

241. Have you prepared the Exhibits AE 1 to AE 4?—Yes.

242. Is your evidence intended to deal with the financial results, actual or forecast, of London Transport in 1960-61 and the future year taken for the purposes of this Inquiry?—Yes, that is so.

243. And also to deal in more detail with the expenditure side of the accounts?—Yes.

244. Is AE 1 your principal Exhibit?—AE 1 sets out the actual results for 1960, the results for 1961, which I have still to describe as estimated because, although they are known, they are not yet published, and the results for the future year.

245. Where your tables give details of the receipts side of the accounts, are you relying upon information to be given by the next witness, Mr. Robbins?—I am.

246. Now may I come to AE 1. Where do the figures in column 1, 1960, come from?—Those figures are extracted from the Commission's published accounts for that year.

247. Where do the figures for 1961 come from?—The figures for 1961 are the known results for that year; they have been drawn from my own records. They will appear shortly in the Commission's published accounts.

248. Until they do and are presented to Parliament, we must call this an estimate?—Yes.

249. (President): Taking column 1, 1960, that is true of lines 1 to 7 inclusive, but the Central Charges do not appear for London Transport in the Commission's accounts?—That is so.

250. (Mr. Fay): It is a published figure—the Central Charges year by year?—Yes.

251. But, as the President rightly says, not published in the Commission's accounts?—No, only in our own publication—London Transport—in 1960 or 1961, as the case may be.

252. From what have the estimates for the future year been compiled?—The estimates for the future year are based on our own budget prepared towards the end of last year for purposes of domestic financial control within the Executive.

253. Your budget for 1962?—Yes.

254. That is the foundation of the figures of receipts and expenses?—Yes.

255. Have any adjustments been made to the budget figures for the purposes of column 3?—Yes, two adjustments have been made to the budget figures for the purposes of arriving at column 3. The first is that in line four of the Exhibit we have brought into account a full year's cost of the wage increases which affect the

5 June, 1962]

MR. ARNOLD GODFREY EVERSHERD

[Continued]

future year—and affect the future year in full—and in lines 10 (a) and 10 (b) I have produced a full year's yield from the fare increases which have recently taken place, and which, as to line 10 (b), are the subject of this Inquiry.

256. Both you and your predecessors in the witness chair have explained to the Tribunal on numerous occasions how the budget is arrived at, and I do not propose to ask you to traverse the ground again. Do you regard the estimate as one which can be relied on?—Certainly to the extent that any budget made in advance can be relied upon, yes; I regard it as a reliable guide to the likely future course of the Executive's financial results.

257. Are the alterations or amendments made to the budget figure in the two respects you have mentioned capable of being assessed without much margin of error?—Both of those can be assessed with considerable precision, yes.

258. Do you put forward, accordingly, your future year estimate with some confidence?—Yes.

259. That is the construction of the Exhibit. Let me ask about what it shows. Line 9 shows the surplus or deficit, and in 1960 it shows a surplus of £14m.; is that after taking Central Charges at £6½m.?—Yes, that is so.

260. And the 1961 figures show a surplus, after Central Charges of £7m., of only £0.7m.?—Yes.

261. You will have something to say later about Central Charges for 1962—the basis of the future year. On the figure of £7½m. which you put in line eight, would the fares before the increases show a deficit of £1.3m.?—Yes, without taking credit for any benefit from the increases shown in line 10 we should, after Central Charges of £7½m., show a deficit of £1.3m.

262. Or if you had made use only of your pre-existing powers, that would fall to be reduced by line 10 (a), would it not?—Yes, to a figure of deficit of £1.1m.

263. That is the amount to which you could have reduced the deficit without making use of the Section 23 procedure and this Application?—Yes, that is so.

264. I do not think I need go through each of the figures in AE 1 for the future year; they are there and are self-explanatory. But I do want to ask about the differences which are thrown up. In your Table AE 2 do you indicate the elements which account for the differences between your two pairs of columns 1 and 2, on the one hand, and columns 2 and 3, on the other hand, of AE 1?—Yes. Exhibit AE 2 shows the differences between the working expenses and the traffic receipts of 1960 and 1961 in the first column, and in the second column the differences between those figures for 1961 and for the future year.

265. I do not want to spend time on column 1 of AE 2; that is there for information, and, in point of fact, you performed that exercise at the last Inquiry?—I did, in effect, perform that exercise at the last Inquiry because I explained the figures for what was then the future year—that is, a year based on the 1961 budget. The 1961 budget, in fact, turned out to be in all material respects an accurate one, and therefore, with one adjustment only, it corresponds with the actual results for 1961.

266. Your future year last time showed (it was your AE 3) a surplus expected of £2.1m.?—Yes.

267. Your year 1961 shows a surplus of only £0.7m.?—Yes.

268. Is that the difference to which you refer?—Yes, there is a difference at that line of £1.4m. owing to the fact that when we put forward a future year on the last occasion we gave that year's results correctly for a full year's yield from the fares increases which were then being discussed, whereas in the calendar year 1961 we shall get the benefit of those fares increases only to the extent that they were actually in operation during the year.

269. The full year as forecast in your AE 3, line 10, last time was £7.3m.?—That is so.

270. What was the amount in the calendar year 1961?—The estimated yield actually received in the calendar year 1961 was £6m.—a difference of £1.3m.

271. I think there was no necessity to say more about that comparison. Could we now come to the second column of AE 2 to see what has happened to alter the financial outlook now. If I may start at line 10 of AE 2, does that show a net increase in working expenses of £2½m.?—Yes, that shows working expenses in the future year will be £2½m. higher than in 1961.

272. And do you in the preceding figures analyse the elements making up that difference?—Yes, they are due largely to increases in wages and prices which are shown at line 4, and total £2.7m.

273. Line four is the net addition of the three preceding items into which you split those increases?—Yes.

274. May we look at them in some detail. In line one you say there has been an increase in a full year of £2.1m. in wage rates and conditions of service?—Yes.

275. What does that cover?—That covers, in the main, two groups of wage increases, if I may put it that way; it covers the cost to us of the shorter working week which was brought into operation for our railway staff, and staff related to them, in the latter part of 1961; it covers also the full year's cost of a round of wage increases applying to virtually the whole of our staff which took effect in the early months of 1962.

276. May we deal with those two elements separately. You said the shorter working week element related mainly to railway staff?—Yes, the shorter working week that we introduced at the end of 1961 and in the early months of 1962 applied to booking clerks, the motormen and guards on the railways, station and depot staff, civil engineering staff and road and rail workshop staff. The busmen, of course, have already got a 42-hour week—or, rather, they already work 42 hours a week in the form of an 84-hour fortnight.

277. Was this bringing the other grades into line?—Yes.

278. What was the reduction in the working week?—Of two hours—normally from 44 to 42 hours. The cost of that was estimated to be £400,000 in a full year.

279. So here we have £0.4m. of your increase?—Yes.

280. That is the first element—the reduction in the working week; the other element you said was a round of wage increases?—Yes.

281. Can you give the total figure for that other element?—Yes, the total cost of that was £1.7m. in a full year.

282. And that, together with the £0.4m., accounts for the £2.1m. in your line one?—Yes.

283. I would like you to break down that £1.7m. into its constituents.—It breaks down naturally into two parts. First of all, at the beginning of the year we gave an increase of 2d. per hour to our electrical supply staff; those men follow the terms and conditions of the outside electrical supply industry, and the increase that we gave them was in accordance with a similar increase given by the industry. It cost £100,000 a year. The main part of the group of increases aggregating £1.7m. was an increase varying in amount to virtually the whole of our wages staff and effective from the 1st April, 1962. The principal groups of staff concerned were numerically the drivers and conductors of course, who received about 6s. 6d. per week. The semi-skilled and unskilled staff at the garages, who normally participate in any increases given to the drivers and conductors, were given sums ranging from 5s. 0d. to 5s. 6d. per week. But all grades of staff, both road and rail, were given increases dating from that time—the beginning of April—who can be expressed in round terms as an increase of about three per cent. Those increases in the aggregate cost £1.6m. per year.

285. Which, together with the £0.1m. to the electrical supply staff, makes up your £1.7m.?—Yes, and that, added to the £0.4m. for the shorter working week comprises the increase of £2.1m. shown in line one of A.E.2.

5 June, 1962]

MR. ARNOLD GODFREY EVERSHED

[Continued]

286. Line two of A.E.2 shows £0.3m. increase in pensions, superannuation and National Insurance; would you say a word about it?—Yes. There were three forms of increase in the cost of National Insurance contributions in 1961. That occurred for the first time in 1961, and therefore the full impact was not felt until 1962. The increases I refer to are the increases consequent upon the introduction of the graduated Pensions Scheme in April, 1961, and two increases in National Insurance contributions which took place, one in April and the other in July, 1961. Those three increases in National Insurance contributions cost, in total, a little over £700,000, of which £300,000, approximately, fell into the year 1962.

287. The balance having been taken account of in the previous calculations put before the Tribunal last time as being then firmly foreseen?—Yes.

288. But what was not taken into account last time was the balance of £0.3m.?—No, I am sorry, that is not so; the whole of these increases was put to the Tribunal on the last occasion, but the impact of them is such that about £0.4m. falls into the calendar year 1961 and the remaining £0.3m. into the calendar year 1962.

289. (President): The whole of the new annual charges being £0.7m.?—Yes.

290. (Mr. Fay): Your third line is Price Levels and Electric Current, Fuel Oil, Tyres, etc.?—Yes. That is the further effect in 1962 of the increase in fuel duty that was levied in the little Budget of July, 1961.

291. Said then to be temporary, but now made permanent?—It was consolidated in the Budget in 1962.

292. (President): Is that the only item of increased charge—the fuel oil duty?—Yes, it is.

293. It makes up the whole of the £0.3m.? It is a figure of £265,000, which I have rounded as £0.3m.

294. (Mr. Fay): Prices of other supplies have not varied in any significant degree.

295. (President): I suppose there are ups and down?—There are a number of minor variations, none of them, I think, I need comment on.

296. (Mr. Fay): The £0.3m. for fuel oil duty is the balance for a full year over that which appeared in 1961, I take it?—Yes.

297. What was the total cost?—The total levy, which amounted to 3d. per gallon, would have cost us £420,000 in a full year; £160,000 fell in 1961, and the £260,000 spills over into 1962.

298. Those are the constituents of your line four—the net increases in wages and prices—and your table goes on to give other items of variation, the next being local rates?—Yes.

299. What is that due to?—That increase is due in about equal measure to the provision for an increase in poundages and provision for increased rates on our road services' premises, some of which have been converted from trolleybus user to bus user. I did explain at the last Inquiry that that change of user has the consequence of increasing the rates paid.

300. Is that because a bus garage is rated on the ordinary commercial principles, whereas a trolleybus depot had a special provision applicable to it?—A special and rather favourable provision, yes.

301. (President): It was decided the other day, was it not; did it not come before the Lands Tribunal quite recently?—You are, perhaps, thinking of our workshops; one of our workshops came before the Lands Tribunal, and the workshops of one of the Midland bus companies at about the same time.

302. (Mr. Fay): Is that element, as you give it, £0.1m.?—Yes.

303. What about the next line—six—Depreciation of Rolling-Stock?—That is simply the natural consequence of buying new rolling-stock at to-day's prices in replacement of rolling-stock bought many years ago at much lower prices.

304. Then in line seven one comes to a welcome change in a favourable direction—a saving of £500,000?—Yes; that is comprised of three different items—perhaps I should say two principal items: There is a saving of about £300,000 as a consequence of trolleybus conversion; the saving is to be found in the difference between the cost of fuel oil for the buses and the cost of electric current and maintaining the feeding system, including the overhead wires, for the trolleybuses. There is a difference there of £300,000 in favour of the buses.

305. The trolleybus conversion is now complete?—It was completed in the early months of this year.

306. That is £0.3m. of your £0.5m. What else is there?—There are a number of minor variations—increases and decreases—due to simple changes of mileages—changes in the levels of mileages—but the main remaining item is a saving of £200,000 starting from the handing over by us to the London, Midland Region of the section of the Metropolitan Line between Amersham and Aylesbury.

307. That has been handed over; it has saved you £200,000 in outgoings?—Yes.

308. And lost you, I think, something considerably less in income, as I said yesterday?—Yes; you mentioned yesterday that receipts had been reduced by £100,000, for the same result.

309. That seems to balance out what I said on the last occasion, that the line was a loss-maker?—I think that is so, yes.

310. So you are better off, both gross and net, by handing over that piece of line?—Better off net.

311. (Mr. Fay): Yes, I am sorry; you are better off net, and you are also better off because of entries in your line 7 as a gross saving.

312. (President): What Metropolitan carriages run into Aylesbury and Amersham? I used to visit the hospital every Sunday for 12 months.

313. (Mr. Fay): Indeed, they were trains from Baker Street which were drawn by electric locomotives, which changed to steam locomotives.

314. (President): Were the carriages Metropolitan?

315. (Mr. Fay): Yes.—Yes, they were drawn from Baker Street to Rickmansworth by electric locomotives, and hauled from there by steam locomotives provided by the Midland Region.

316. (Mr. Fay): Maybe you went to Amersham from Marylebone, Sir, because there were two classes of train—it was a joint line.

317. (President): I did both. There was always one train on the left and one on the right at Aylesbury, and I chose the one which started first.

318. (Mr. Fay): If you went to Baker Street you went in Metropolitan coaches. I am not sure that you were not drawn by a British Railways' engine as far as Rickmansworth, at any rate in later years.

319. (The witness): From Aylesbury to Rickmansworth, yes.

320. (President): It has now become Dr. Beeching's baby, has it?—North of Amersham, yes.

321. (Mr. Fay): It is now served, I think, by Diesel multiple units to Marylebone?—Yes.

322. If anyone prefers an electric train, he can change at Amersham and go on by the new coaches—whose depreciation swells this figure. Your next item—line eight—is Other Variations, which produce no net change, I see.—No.

323. (Mr. Fay): What does that comprise?

324. (President): What does it not comprise, you mean!—There were offsetting items—there were increases and decreases in various branches of engineering, but, on the whole, an increase in engineering expenditure; there will be a reduction in the cost of overtime and rest-day

5 June, 1962]

Mr. ARNOLD GODFREY EVERSHERD

[Continued]

working owing to the rather better staff position we now have. Those two cancel one another out, and I have not put any figure in line eight.

325. (Mr. Fay): Line nine is the net increase in working expenses. Then we get to the variations in receipts which you take from the commercial witness?—Yes.

326. And your net traffic receipts emerge at line 13, showing a diminution of £1.6m. Then in line 14 there is an increase; could you say a word about that?—Yes. That is a figure which has been going up slowly but steadily for a number of years, I think; it is a reflection of the fact that rents generally are going up; it is a reflection that we are getting rather better revenue—or the Commission are getting rather better revenue for us—from advertising sites which we provide on our stations, and for the exhibiting of advertisements on our buses.

327. So both the advertising element and the letting of sites elements have increased?—Yes.

328. That accounts for that net increase in revenue. The only other matter to be considered is line 16—the Central Charges—which are now up at £500,000 for the last time?—That is so. The figure was £7m. for 1961; for budgeting purposes it has been agreed between ourselves and the Commission that a figure of £7½m. should be used for 1962.

329. The result of these changes you bring out in your last line, 17, as a worsening of £2m. in the future year compared with last year; is that right?—Yes, that is the difference between the figures in line nine of AE 1, where a surplus of £700,000 becomes converted into a deficit of £1,300,000.

330. I said in opening yesterday that that figure must not be confused with the net worsening in the position since the Commission were last before the Tribunal and offered an alternative figure; would you agree with the figure which I put forward yesterday?—Yes.

331. Because your comparison here of £2m. compares the future year with the calendar year; if one goes back and compares it with last time's future year, the position is different?—Yes, certainly.

332. So it is a mere question of mathematics. Now may I come on to explore your line 16 and what it involves—the figure for Central Charges. Last time did you put forward two alternative ways of looking at the increase in Central Charges?—Yes, they were numbered AE 5 and AE 6 at the last Inquiry.

333. I think both of them, in fact, included projections into this current year, 1962?—Both of them were carried up to 1962, yes.

334. Can you now correct those tables, because the passage of time has produced actuals instead of estimates and more accurate forecasts for more long-distance ones?—Yes, I can substitute actual figures for estimates for 1960 and 1961, and much closer estimates for 1962.

335. Do you, in consequence, put forward your tables corresponding with those proffered last time—your present Tables AE 3 and AE 4?—Yes.

336. Is AE 3 the same calculation as was represented by AE 5 last time, producing a marginally different result?—It is precisely the same calculation was slightly amended figures, and produces very slightly different results.

337. Is there anything you wish to say about AE 3, or is it entirely factual?—No, it cannot be said that it is entirely factual; it is a table which stems from line 11, where we started with what we believed to be an agreed level of Central Charges for 1958.

338. Down to and including line 10, is it pure calculation?—Down to and including line 10 it is pure calculation, yes, except that perhaps I should say, in case it is argued against me, that the revenue margin in line seven is the margin after deducting what we regard as the proper figure for Central Charges.

339. And that throws up a Central Charge, or an increment to Central Charge upon your base of £6m.—an increment in line 10 of £1.3m. for 1962?—Yes.

340. Would you explain the asterisked footnote to that figure?—It is simply that the interest burden in any year includes only half a year's interest on the money borrowed in that year, because we say the additional money borrowed during that year was borrowed, on average, only at the half-way point of the year, but, of course, that money has to earn interest sooner or later, and the result of the method we have adopted is that even if no more money is spent in the following year there is an additional half-year's interest to be found on the expenditure of the previous year.

341. Which is calculable and is £0.3m.?—It is £0.3m., yes.

342. So while your Central Charges for 1962 on this basis work out at £7.3m, they will rise inevitably to £7.6m. even if no further expenditure is incurred?—They will rise to £7.6m. at least, even if no further money is borrowed.

343. (President): I suppose the contributions in respect of the earlier years were calculated on the same basis?—Yes.

344. And therefore each of them adjusted in that way would be a higher figure?—Yes, that is so, but that corrects itself if you are working backwards; if you are working forwards, however, you do not see, without the aid of a footnote of this sort, the full impact of interest in the future.

345. (Mr. Fay): Your AE 4 is, I think, again a re-working of the previous Table AE 6 which was itself a continuation of PJ 16 of the 1958-59 Inquiry?—Yes.

346. We say if there is to be a specific approach, let it be worked in this way—let there be one which we regard as correct! Having performed that exercise, do you now re-work it?—Yes, making such alterations as are necessary to the 1960 and 1961 figures and what I hope is an improved estimate for the 1962 figures.

347. One of the differences being that the surplus in column 15 has turned out to be less than was forecast, I think.—The net revenue in column 10 has turned out to be less than was forecast, and I think it must follow that the accumulated surplus in column 15 is less. I beg your pardon; may I retract that. The surplus in column 15 is less than was forecast last year.

348. That has slightly depressed the figures, so that for 1962 you now find a Central Charge of £7.5m., whereas previously it was fractionally higher — for fractionally lower (I am not sure which)?—In 1962 the figure, we now find, is £7.5m. where on the earlier estimate it was £7.6m.

(President): And if your figure with regard to the accumulated deficit, which appears in the footnote on AE 1, is wrong, then the figure in your document AE 4 column 13 will also have to be corrected, will they not?

(Mr. Fay): Yes, Sir; that must follow.

349. (President): You start with an estimated accumulated deficit in 1960 of £15.8m., do you not?—No, not in AE 4.

350. Do you not?—No, Sir; in AE 4 we start right from the beginning—that is to say, right from 1948—and we work the calculation forward until 1962, creating a deficit as we go along.

351. Yes; that is what I mean. — But it is not quite the same figure as is referred to on AE 1.

352. Whatever you do, the figure in column 14 assumed that you knew what was the proper amount of Central Charges from 1948 onwards?—Yes, it does.

353. In other words, it is your figure for Central Charges, and not any figure which has been decided by any outside authority?—No.

354. That is what I mean.—No; it is calculated by this method.

355. (Mr. Fay): But was the object of PJ 16, of which this is a continuation, to ascertain this figure as a matter of mathematics and to show any deficit, if there was one?—Yes.

5 June, 1962]

MR. ARNOLD GODFREY EVERSHED

[Continued]

356. That is, as an actual?—Yes.

357. So the Central Charges—the deficit—in AE 4 is a calculated figure and contains no element of estimation—

358. (President): That is in PJ 15.—The point is that the figure in AE 1—

359. Yes—that figure is a different figure from the figure in PJ 15?—Yes; it is our net revenue deficit after deducting the rounded-up figure of Central Charges which we have agreed between ourselves and the Commission; it is the figure which shows in “London Transport in 1960”; it is the result after deducting Central Charges at the rounded figure of £½m. and not at the precise figure shown in AE 4.

360. (Mr. Fay): In your tables you have not attempted to go beyond 1962. I think; that is in contrast to the previous year, when you endeavoured to look forward until a following year. Is that right?—That is so.

361. And in present circumstances with the impending passage of the Transport Bill, do you think it right to lower your sights, so to speak, and not attempt to look beyond the end of this year?—I am not really able to look beyond the end of this year; I have not enough information to be able to do so.

362. (President): You do not know when the provisions of the new Act, if there is a new Act, will be brought into force?—No, Sir, or how they will apply.

363. Or what the opening capital bet will be?—No, not precisely.

364. (Mr. Fay): That explains that failure to project forward. The final matter about which I want to ask you is the question of surpluses. You are going back to your AE 1; you are envisaging the present position producing in a full year a surplus of £1.5m.; is that right?—Yes, that is right.

365. That is not the surplus anticipated for the calendar year 1962, is it?—No; that is the surplus envisaged in a year in which we have a full year's benefit of the fares increases which we are applying for.

366. Yes, set against the full year's effect of such increases in expenditure as have come in during 1962?—Yes.

367. What in fact is your estimate of the surplus in this present calendar year, assuming that the fares now in operation continue until the end of the year?—That is the surplus shown by our own budget and it is estimated to be £800,000 after deducting Central Charges at £7½m. It is naturally a lower figure than we can expect to get in the future year, because the calendar year 1962 has to bear the burden of higher wages from an earlier date than that on which we get the benefit of the higher fares.

368. Yes; so if the two in a full year balance one another — if the increased costs are balanced by the increased income—on a calendar year there is a time-lag between the two?—Yes.

369. And that accounts for the diminution in the surplus?—Yes.

370. With regard to the desirability of a surplus, mention was made by Mr. Winchester this morning of the recent White Paper; does the view which is there put forward correspond with your own view as to the necessity for a surplus in an undertaking such as London Transport?—Yes, certainly. Any undertaking—any commercial undertaking—ought to earn something over and above its outgoings on working expenses, and the White Paper defines in some measure what that surplus ought to be and set out the reasons for which it is required.

371. The first element according to the White Paper is also the first element according to the views put forward by the Commission in the past, namely replacement reserve. Do you regard it as important to raise sufficient surplus to cover the additional cost of replacement over and above historic cost?—Yes, I regard that as the minimum. As you say, the White Paper puts that forward as a part of the surplus which should be earned, and a surplus which is inadequate to do that—that is to say, which is inadequate to raise the depreciation provision to replacement level—is inadequate to my mind.

372. Having asked you that, I must ask you now: What is the figure needed in the future year—or I suppose I had better ask you about 1962—to lift your historic cost depreciation to the replacement figure?—We should need to earn a further £1.7m. to enable us to raise the depreciation provisions which we have in fact made on historic value, to similar provisions based on replacement value.

373. That is £1.7m.; so your future year's surplus of £1.5m. thrown up at the bottom of Exhibit AE1, is insufficient?—It is insufficient, even for that purpose alone.

374. The £1.7m. having been calculated in the way you have mentioned, or in the way I put it to you, does it include anything in respect of time expired assets?—No. It is only the uplift necessary to apply to the depreciation provisions which are being made on assets which are not time expired.

375. And are time expired assets replaced from time to time?—Certainly.

376. And so far as there have been increasing replacement costs during the life of an asset which is still not deteriorated, is there any element in your £1.7m. of going back and catching up with the past difference?—No. The £1.7m. is simply the uplift that needs to be made to the 1962 depreciation provisions.

377. Yes; it is one year's worth?—Yes.

378. But no attempt is made to bridge any gap between last year's depreciation, historical, or historical plus replacement, and to-day's prices?—No; no attempt is made to uplift the depreciation provisions of earlier years, which themselves were based on historic costs.

379. Does it follow from that that if you were unable year by year to set aside your figure, which in 1962 is £1.7m., that, together with the historic cost depreciation, would in fact be insufficient to pay for the replacement assets?—For many years it would be insufficient to pay for the replacement assets, but if the process went on long enough and prices remained stable, there would come a time when the depreciation provision calculated in that way would be adequate.

380. Yes; if prices remained stationary?—If prices remained stable and the process went on long enough.

381. (President): And if prices went down, that time would come sooner rather than later?—Yes, Sir.

382. (Mr. Fay): And in the condition of increasing prices which I was postulating in my question, does it follow that the replacement of assets when they are replaced at current prices, even if you get a full replacement reserve, necessitates drawing on a further element of the general reserve in order to maintain your physical assets when they fall due for replacement?—Not if you have a full replacement reserve, Mr. Fay; but I cannot—

383. No; what I am postulating is that you have in the kitty, if I may use the expression, your historic cost to start with and further, year by year, the figure corresponding to your £1.7m. In times of rising prices, do those two elements suffice to buy the new replacement vehicle or plant?—No.

384. And if you do buy the new replacement vehicle or plant, does that mean that you have to draw on some other source of finance?—Yes; you have to borrow the money outside your industry, unless you are in the position of having created reserves in some other way.

385. Yes; reserves over and above the replacement reserve, which this year you would put at £1.7m.?—Yes.

386. Does that mean that if one accepts the division of a surplus into two parts, firstly replacement reserves so calculated and secondly the general part—and the White Paper appears to follow that path—the replacement alone will make its calls not only upon the first part but also on the second, or general reserve, part?—Yes, in times of rising prices.

387. Yes, which we have been living with since these inquiries started?—Yes.

5 June, 1962]

Mr. ARNOLD GODFREY EVERSHERD

[Continued]

388. I think that is all I have to ask you. Have you, since you prepared your figures, looked over them and tested them, and can you say that you are presenting the best picture to the Tribunal that you can of the financial prospects in the immediate future of London Transport?—Yes; this is the best forecast I can make of the immediate financial future.

(President): Does anyone wish to cross-examine Mr. Eversherd? (No response).

389. (President): Mr. Eversherd, perhaps you can tell me this: As you have forecast a lot of things, can you forecast when "London Transport in 1961" will be published?—Certainly not before the Commission's Accounts are published, which will be in the latter part of this month, Sir.

(The witness withdrew)

(Mr. Fay): I do not know whether you want me to call my last witness before the adjournment or not, Sir; it is rather early to adjourn, but I suppose it is possible that we might finish with him.

(President): I think we had better make a start. It would really be preferable, if there were a likelihood of his finishing within a reasonable time of one o'clock, that we should finish with him and then adjourn, but do not hurry his evidence.

(Mr. Fay): If you please, Sir; I will ask my learned junior to call him.

Before doing so, I wonder if I might recall Mr. Dickson, who can now answer a question which you put about the stations within the County Borough of Sutton Coldfield.

(President): I will take that geographical fact from you, Mr. Fay.

390. They are expected to be published then, are they? —The Commission's accounts will be published in the latter part of June. I think my colleague can perhaps give you the date for "London Transport in 1961"; I am told it will be at least a fortnight after the publication of the accounts, which brings it into early July.

391. Thank you; I was afraid it might be delayed until after the new Bill had received Royal Assent and dates had been fixed for the coming into force of some of its provisions. As far as you know, that is not the case? —No, Sir.

392. Very well. Thank you, Mr. Eversherd; you will be coming back on another day.—Thank you, Sir.

(Mr. Fay): He is here and he hears what I say. He has passed me a note saying that his evidence would be that there are five stations, which he names, and the receipts from those five stations for local journeys—that is to say, journeys not within the County Borough but to Birmingham, Lichfield and so forth—have increased by 23 per cent. I do not think he has any figures for inter-borough travel within Sutton Coldfield.

(President): No; you would have to be a railway addict to want to do much rail travel within the borough of Sutton Coldfield, I should think.

(Mr. Fay): It is a form of travel which no doubt has less attractions than others.

Now I shall ask my learned junior to call Mr. Robbins.

Mr. RICHARD MICHAEL ROBBINS, SWORN

Examined by Mr. CRAWFORD

393. Mr. Robbins, is your full name Richard Michael Robbins?—Yes.

394. Are you the Chief Commercial and Public Relations Officer of London Transport?—Yes.

395. I think you are giving your evidence to-day in your capacity as the Chief Commercial Officer?—That is so.

396. In that capacity are you responsible to the Executive for fares and charges, traffic development and the general commercial planning of the work of London Transport?—Yes.

397. I think you have been with London Transport since 1939, apart from the War?—That is so.

398. Were you Secretary to the Chairman in 1947?—Yes.

399. Becoming Secretary to the Executive itself in 1950?—Yes.

400. And after 1955 were you Secretary and Chief Public Relations Officer, until you assumed your present duties in 1960?—That is right.

401. We have not had the benefit of your evidence in this type of Inquiry before, but I think the scope of it will follow the form which Mr. Harbour has followed on previous occasions?—Yes.

402. Do you deal with the maximum scale of charges which is sought in this Application under Section 79?—Yes.

403. In general, do those charges, the subject of this Application, do no more than seek confirmation of the fares which were authorised by the temporary alteration under Section 23 of the 1953 Act, which were ordered by the Tribunal on the 15th April of this year?—That is correct.

404. And is it right that those alterations were brought into effect, as far as the 5d. and 8d. single fares were concerned, on the 15th April, 1962, and as far as British Railways (London, Tilbury & Southend section) was concerned, on the 3rd June, 1962?—I am not certain that that is perfectly correctly stated. The 5d. and 8d. fares were increased by 1d., where they were in existence within the London Transport Area, on the 15th April and the remaining fares throughout were altered on the 3rd June, last Sunday.

405. Have you planned your evidence to deal with your commercial matters under four general headings: Firstly, car mileage; secondly, your estimates for passenger receipts; thirdly, the effect of the temporarily authorised alterations which you seek to make permanent, and finally the estimated net revenue yields from the maximum charges which are sought?—Yes, that is how my evidence is arranged.

406. Taking them in that order and dealing with the car mileage estimates first, do you produce a table, RMR 1?—I do.

407. That sets out the comparisons of car mileage estimates?—Yes.

408. Taking first the first three columns of that table, do they show the comparative car mileages for road services and railways, in actuals, for 1960; the estimated in 1961 and an estimate for the future year, based upon the 1962 budget?—Yes, that is so.

409. And do columns 4 and 5 of your table indicate the comparisons between 1960 actuals and 1961 estimates in column 4, and the variations between the 1961 estimates and the future year, based on the 1962 budget?—Yes, they do.

410. Perhaps you would be good enough to deal first of all with the 1960-61 comparison in more detail. Is the first variation, in line 4, due to new and improved services?

5 June, 1962]

MR. RICHARD MICHAEL ROBBINS

[Continued]

—That is true. There were certain minor improvements in 1960, of which the full year's effect comes up in 1961; in 1961 itself, on the country buses, a certain number of services were augmented in the peak hours, and that contributes to that figure.

411. Then in item 5 you have a lessening of 4.9m., due to planned service reductions; can you explain in more detail how that comes about?—Yes, I can. There are constant adjustments, both up and down, going on to the bus services in the light of the number of passengers using them; but in addition last year, as I think the Tribunal were made aware before, there were serious difficulties of staffing the buses in particular areas of London, more especially in the north-west, and on the 11th October, 1961, it was necessary to reduce the schedules of services operating from certain garages, having regard, not to the passenger traffic that was being carried, but to the availability of the staff to run the buses, it being thought better from every point of view to have a realistic schedule rather than one that we might hope to hit occasionally but which otherwise would give rise to a lot of disappointment when the bus did not come. That is the principal reason for the reduction of 4.9 m. miles which is shown at line 5.

412. We have heard, as you show at line 6, that there was progressively the conversion of trolley-bus to diesel bus operation, and that that accounts for a lessening of 0.5m. miles, which you show there?—Yes; that is the economy which arises out of the conversion of the remaining trolley-buses to oil buses.

413. Item 7 shows a very substantial increase of 8.8m.; what is the cause of that?—In the year 1960 we had an extremely unsatisfactory staff shortage, which resulted in a failure to work a very high percentage of the miles that we were scheduled to work. Whereas I mentioned a moment ago that in some districts of London, more especially the north-west, this condition is still with us to a marked extent, there was, taking the whole of the London Area, a very great improvement on the buses throughout the year 1961 as compared with 1960, and that accounts for the improvement of 8.8m., to which you have called attention.

414. I think 1960 was a leap year, with an extra day lost in 1961, accounting at item 8 for the lessening of 1.5m. miles?—That is right.

415. Have you then taken into account a variety of minor variations at item 9, making up a loss of 0.3m.?—Yes; they are very small.

416. Will you now deal with the variations in the position of the railways between 1960 and 1961, which you analyse at items 11 to 16. First of all there is item 11, new and improved services; what does that consist of?—It consists of two principal items. The first, and more important, is the matter of the improvement of services on the Metropolitan Line, about which the Tribunal has already heard this morning; that is to say, the line north of Rickmansworth to Amersham and Chesham having been electrified. Very considerably improved services are being run there and the trains, instead of being of six cars are of eight cars. The figure is net because a certain amount of mileage between Amersham and Aylesbury has been lost, but the result is a considerable increase on the Metropolitan Line as a whole. The second, and less important, element in line 11 is that the trains on the Central Line have been lengthened generally from 7 cars to 8 cars, and the full effect of that was experienced in 1961.

417. And that gives you your 0.8m. improvement, taking those two items together?—Yes.

418. At item 12 you show the cancellation of uncoupling; that is an increase of 5.8m. I think we heard a little from Mr. Harbour last time about that; what lines does that concern?—That concerns two of the tube lines, where it was formerly the practice to run short trains of four cars only in the middle of the day between the peaks. That practice has been changed, and we are not now uncoupling—that is to say, breaking up into small portions—the trains on any of the tube lines. That results in the year we are looking at, because the Bakerloo and the Northern Line change fell into this year, in that figure.

419. In item 13 you show planned service reductions of 1.7m. miles, and I think that is a variety of items. Can you give us the composite parts of that figure?—These were timetable alterations made as a result of the ordinary course of scrutiny of the services and the use that was being made of them. There were reductions made in 1960, whose effect appears for the full year here on the central section of the District Line. There were general reductions in Saturday—more especially Saturday morning—services because the traffic carried on Saturday mornings has been declining with the very general adoption of a 5-day week in offices in Central London.

420. How much does that account for in this figure?—It accounts for 0.5m.

421. Are there any other reductions?—There were reductions made in June, 1961. After the uncoupling had been abandoned on the tube lines, it was found reasonable and possible to run the trains at a slightly wider headway in the middle of the day, and that has had the effect of reducing car mileage slightly. Then, at the end of the year 1961, in October, we did run into special difficulties on the District and Piccadilly Lines and to a minor extent on the Central Line, where we suffered a serious shortage of staff. Regrettably, that did mean that a certain number of trains had to be cancelled.

422. I think in fact the widening of the headway owing to the cancellation of uncoupling accounted for 0.7m. and the staff shortage on the Central and Piccadilly Lines for 0.5m., those two figures, together with the other reduction of 0.5m., making your 1.7m.?—Yes.

423. At item 14 you have an increased mileage of 1.0m.; what were the causes of that? I am sorry; it is an increase.—Yes—less mileage was lost. That means simply that we were better able to maintain the schedules we set out to work.

424. At item 15, it is again a calendar change; I take it that is the same reason as you gave for item 8?—Yes, that is true; it is the difference between leap year and an ordinary year.

425. And does that, with other minor variations at item 16, produce for the railways a total variation of plus 4.4m.?—Yes, it does.

426. Making a total net change in all the services of plus 6.3m.?—Yes.

427. In column 5 you make the comparison between 1961 and 1962, or the budget future year. First of all, at item 4 again, you have the new and improved service, plus 0.1m.—Yes.

428. Does that call for any particular comment?—I think it is so small that perhaps it hardly does. The new services are intended to be in the country bus area.

429. Item 5 is somewhat more substantial; it is your planned service reductions, accounting for 3.3m. less car miles. What is the cause of that variation?—The whole cause of that variation is the one I have already mentioned as having come into effect in the autumn of last year. It is the reductions which were introduced last autumn at the garages having persistent staff shortages; there are no further ones intended.

430. I think the trolley-bus conversion is now complete, is it not?—Yes, it was completed last month.

431. But at item 7 you show 1.7m. less car miles.—Less loss!

432. Yes. Is that due to any improvement in the staff position?—Yes. Although it may sound contradictory to what I have been saying a moment ago about the necessity to maintain cuts in schedules because of staff shortage, it is nevertheless true that there is a general improvement, one may say, in three-quarters of the London Area, which enables us to maintain much better the performance on schedule of the buses based on garages in that part of the area. That accounts for this improvement of 1.7m.

433. Again, in 1962, the future year, there is a difference in the calendar in relation to 1961; I think there is an extra Monday there?—There is one more Monday and one less Sunday; that does account for another 400,000 car miles.

5 June, 1962]

MR. RICHARD MICHAEL ROBBINS

[Continued]

434. In line 9 you have given a minor variation?—Yes, finally amounting to 0.5m. That arises because we expect, beginning in the later part of this year, to use large RM 64-seater buses in replacement of the present standard RT 62-seater buses, which will give us some advantage in working a lower car mileage to produce the same capacity of travel.

435. That is to say, the same passengers for less miles, because of more seats?—Yes. Secondary, from August of this year onwards, we shall be replacing on four Green Line coach routes single-decker coaches by new double-decker coaches which, again for the same reason, will produce an economy in car mileage.

436. Now may we turn again to the railway comparison for 1961-62, item 11. You show 3.3m. car miles additional; what are the principal variations which cause that alteration?—That relates very largely—that is to say, as to 2.7m.—to the completion of the Metropolitan Line programme and to the full year's effect of measures brought in part of the way through last year. The whole of the 6 car train fleet on the Metropolitan Line will have been replaced by 8 cars and, as I have said, that accounts for 2.7m. miles out of the 3.3m. The remainder, or at any rate 0.5m. of the remainder, relates to the replacement in the timetable of the emergency reduction in the District, Piccadilly and Central Lines which came about in the latter part of 1961. As I have already mentioned, that situation has been overcome, and the normal timetables are being operated there now.

437. Item 13 shows a reduction of 0.5m. miles; what is the cause of that?—That is a continuation of the slightly wider headways—intervals between trains in the middle of the day—on the Bakerloo and Northern Lines, which have been put into force since the practice of uncoupling was cancelled.

438. At item 14 you expect a gain of 0.5m. ?—Yes, for the same reason, that on the Underground Railways the staff position has improved and we think it likely to remain improved as compared with last year.

439. And at item 15 I suppose the extra Monday and the one less Sunday produce that gain of 0.3m. miles?—That is so.

440. Does that give the railways an improvement of 3.6m. miles, setting off your minus 1.6m. miles in the road services, making a net change of 2.0m. miles?—Yes—plus 2.0m.

(Mr. Crawford): I am turning now to a new subject, Sir; perhaps this might be a convenient moment to adjourn?

(President): Yes; we shall adjourn now until a quarter past two.

(Adjourned for a short time)

441. (Mr. Crawford): The second head of your evidence was to be your estimate of passenger receipts, and for that purpose to reconcile the variations between the budget of receipts for 1961 and the actual receipts for 1961, and between the actual receipts for 1961 and the budget of receipts for 1962 and future years; you have prepared RMR 2?—That is so.

442. Do you commence with the original budget for 1961 which appeared in the proceedings of the last hearing in Mr. Harbour's Table BH 28 at line 6, column 14, at page 56?—Yes, that is so; the figure there shown is £84.3m.

443. Have you then taken the effect in 1961 of the fares increases in that year?—Yes, those together amount to £3.4m., producing a total of £87.7m.

444. That is the figure thrown up in RMR 3, your next table?—Correct.

445. Did you then make adjustments in respect of the mild winter in early 1961 which showed a £0.2m. improvement at (a)?—Yes, that is right.

446. Then did you also take into account other causes, particularly trends both on railways and on road as further adjustment?—Yes, we did. The net decline of £0.2m. is made up of two countervailing elements: The Under-

ground Railways in London did better than was forecast to the extent of £0.3m., but on the road services there was a more than offsetting decline of £0.5m. which produces minus £0.2m.

447. What was the cause of the decline on road, in your opinion?—In our opinion, it was due, chiefly, but perhaps not more importantly, to the increasing number of private cars coming on to the road which affect buses in two ways—by positively depriving them of passenger traffic, and also by increasing the congestion on the roads and making the services more difficult to operate.

But more than that, it is our view that the very serious decline in the quality of the bus services which were offered to the public in 1960, which was our worst year for staff shortage, meant that the public had lost confidence to some extent in the reliability of the services, and that, as we know from past experience, takes a long time to regain; we think we were suffering from that in 1961.

448. Up to June, 1961, were your receipts helped by the mild early part of the year?—Certainly.

449. Were you running at a surplus at the beginning of June?—Up to the beginning of June, as RMR 3 shows, we were running at a surplus which, in point of fact, at its highest peak went to £371,000 above the budget estimates (week ending 4th June).

450. We see that in the cumulative figure in the last column but one for June 4th?—Yes.

451. Was the position in relation to the Budget in the second part of the year?—The second part of the year ate away the surplus we had accumulated up to the 4th June, and in the very last week of all it turned it into a small deficiency—so small it does not appear to one-tenth of 1 per cent.

452. That we see in the final figure of RMR 3?—Yes.

453. Returning to RMR 2, have you made the adjustment in relation to 1962 or future year forecast?—Yes, you will see the adjustments made beneath the words "Actual Receipts 1961"—the next three lines—for the fares increases—the 1962 effect of the fares increases made during part of the year 1961.

454. You uplifted the figure initially by £13m. to produce the £89m.?—Yes.

455. You then made downward adjustments in total as set out in (a) to (e)?—Yes, in total they are downward, as you say.

456. (President): Why should the effect in 1962 of the increases which were operative from the 15th January, 1961, be £200,000 better than the 1961 receipts? They were operative for the whole of 1961 except the first fortnight?—It is about a fortnight's value.

457. (Mr. Crawford): I suppose the £1.1m. for the 30th July increase is the same—a full year's effect again?—Yes, we had only five-twelfths in 1961; the other seven-twelfths come in 1962.

458. Dealing with the adjustments, (a) is, I think, again the calendar alteration—the extra Monday?—Yes.

459. That produces £0.1m. Then you have thought it right to adjust upwards by £200,000 because you were not looking forward to a mild winter in the future year?—We did not think it reasonable to budget for those exceptional conditions coming into this year—and we were right.

460. Indeed, it might be said to be exceptional in the opposite direction?—That will come in a future correction, no doubt.

461. You have told us about the Metropolitan Line modernisation at (c); does that produce an extra £100,000?—It does.

462. And at (d) you show the £100,000 on the transfer of the part of the line from Amersham to Aylesbury from you to the Commission?—That is right.

463. That is the other side of the picture to the £200,000?—This is the loss of receipts attributable to the section.

5 June, 1962]

MR. RICHARD MICHAEL ROBBINS

[Continued]

464. Finally, you have general trends and other causes at (c) 2?—There, again, we think it reasonable to expect continuation of improved traffics on the Underground Railways, and, equally, that there will be a decline in the volume of traffic on the road services, and the net result of that is, in fact, minus £0.2m. as it was in the year before; but we have not simply copied the figure out; it is a fresh calculation.

465. Does the net result produce for the budget of 1962 and future year £88.7m. 2?—That is correct.

466. RMR 4 shows how far that has progressed, including the figures my learned friend Mr. Fay gave us this morning, to give £27m. 2?—Yes, that is correct.

467. Have there been any unusual matters which have affected the development of the receipts as against budget, in your opinion?—The unusual matters are, I think, two of any importance: One is that there was, unhappily, a strike on the Underground for one day, virtually complete, on the 29th January, which cost £50,000 in lost receipts. That is reflected in the result for the week ending February 4th.

Secondly, the cold weather which started in February and continued through the Spring and has not yet entirely disappeared has had a generally depressing effect on traffic—not traffic to and from work, but what we call optional traffic, for pleasure or other reasons. That has had a slightly depressing effect on the traffic totals.

468. You appearing to be lagging slightly behind, but apart from those factors, is there anything in the current results which would lead you to expect you have underestimated your traffic receipts for 1962?—No, there is not.

469. You have had an increase imposed already in your 5d. and 8d. fares?—Yes.

470. Have you corrected your budget in RMR 4 for the increases which has been temporarily authorised?—Yes, we have. In each complete week (when I say "complete week" I mean not a holiday week where there are only four working days) after that ended April 15th we have added about £25,000 for the effect of the raising of the 5d. and 8d. fares on the 15th April.

471. And have you similarly, from the 3rd June —. —From June 3rd there has been a further addition of approximately the same value for the second stage in the fares increased.

472. It is notable that RMR 2 shows, for budget, 1962, £88.7m., whereas on RMR 4 the final figure is £90.536; is the revision in respect of the present temporary authorised fares accountable for the difference between the two?—Yes, it is. If you look at the last few words of the five-line heading to RMR 2, you will see they are "(At fare levels in force on 14th April, 1962)". The budget estimates on RMR 4 have been adjusted, as you say.

473. This might be a convenient moment to ask a question for information which I understand my learned friend Mr. Goff wants: Can you give any actual figure for the receipts produced by the 5d. and 8d. fares?—I cannot give an actual figure, for two reasons: One is that the 5d. and 8d. revision merged those previous fares with existing ones, and, consequently, the present 6d. and 9d. fares are compounded of the elements of previously existing fares and altered fares; secondly, we take analyses of our revenue between different fare values only twice a year, because it is a special operation, and we have not done that in the interval since 15th April.

Nevertheless, I think I can derive some information bearing on this question from the actual traffic receipts shown in RMR 4 in comparison with the adjusted budget—that is to say, the estimates amounting to about £25,000 in a normal week of our receipts from the alteration of those two fares would not appear to have been falsified; in fact, I think the actual takings, in comparison with the budget results for the past few weeks, making allowances for cold weather, show that we must substantially have earned what we expected to earn from those revisions.

474. Have you also produced figures for the budget of passenger traffic receipts for London Lines of British Railways?—Yes.

475. This was to be given in evidence, but, in view of your comment this morning, it might be convenient now to put in an additional table which we have prepared, which we call RMR 10, which indicates the figures, (Table RMR 10 put in.) Does the final budget for 1962 for London Lines produce a figure of £36.3m. 2?—Yes, it does.

476. And do you compare that with the 1961 figure, which, again, was in Mr. Harbour's Table BH 28 last time at line 6, column 2?—Yes; that was £32.9m.

477. Have you added to that the yield in 1961 of the two fares increases of 15th January and 30th July and an increase on the British Railway's ordinaries?—From 2½d. to 2½d., yes; those three together produced in 1961 £1.3m.

478. It was said last time that a certain modified hope was held out for increased traffic on the modernised services; how has that worked out in fact?—The actual receipts in 1961 were as shown in RMR 10, £35.3m., and the difference between that and £34.2m.—in other words, £1.1m.—must be ascribed to expansion of traffic arising from the modernised services, particularly the Eastern Region and the general movement and increase in population to the outer suburban areas of London, giving rise to increased traffics on British Railways' London Lines, and the difference of £1.1m. can, I think, be accounted for by those reasons. It is in excess of the expectation. It is, perhaps, just possible that the resistance to the higher season ticket rates was over-estimated when we were before the Tribunal last time, although I do not attribute a very great proportion of this £1.1m. to that.

479. Does it indicate, perhaps, what Mr. Winchester was saying in his evidence, that the fructification has been rather more rapid than you had anticipated?—That is true; it can be seen by observation on these trains.

480. Have you then added the further yield in 1962 of the fare increases of 1961, to bring them to a full year, at £0.5m. 2?—Yes.

481. And a further adjustment of £500,000 for the continued increase in traffic on the modernised services?—Yes; having had the experience I have just been mentioning of the growth of traffic in excess of our previous expectation, we think it would be right to allow for continued development of traffic, although not on the scale or at the rate before mentioned.

482. Can you give the Tribunal your opinion of the main reason for the increased buoyancy of the London lines?—I have mentioned that there are more people living in the areas served by the London lines; their decision to travel to London by railway rather than by road vehicle of any kind, I think, is attributable in large measure to the undoubted increase in traffic congestion on the roads, which makes the journey from the sort of distances we are talking about into the centre of London a good deal less attractive than it used to be.

483. Your third heading of evidence was the effect of the alterations to fares and charges, and for that purpose you have produced, to begin with, RMR 5?—Yes.

484. Does that set out in the second column the fares in force immediately before the 15th April of this year—the old maxima?—Yes, it does—for the old fares.

485. And in the following column do you set out the proposed, and temporarily authorised, charges which are the subject, as far as the ordinaries are concerned, of this application?—Yes.

486. And you show the corresponding increase in the last column?—Yes.

487. Does that have the effect of increasing the 1½ miles 5d. and the 2½ mile 8d. by 1d.?—Yes.

488. What is the rate per mile in relation to the first four miles?—The first four miles in the scale shown in column 3 are simply at the rate of 3d. per mile.

489. After four miles what is the addition to the rate per mile?—After four miles the addition is at the rate of 2d. as far as 22 miles, and after that the increases are progressively more, as shown in the last part of column 4.

5 June, 1962]

MR. RICHARD MICHAEL ROBBINS

[Continued]

490. (President): We can see four miles ourselves at 3d. per mile; what is your observation about distances from five miles to—16 miles, is it?—22. From 5 to 22 each additional mile is an additional 2d.

491. (Mr. Crawford): Looking at the first four miles at 3d. per mile in relation to the pre-war charge, which I think was 1d. per mile, how do you think the two compare, regarding the devaluation of money?—It appears to me from my observation and opinion from various economic and statistical information which has come out, that 3d. is generally speaking equivalent to 1d. before the war, and within this range that precisely reflects that fact.

492. With a minimum fare of 3d. does that have any effect on the fare which can be charged at two miles or at three miles?—It has the effect that it is impracticable to charge more than 6d. for two miles or more than 9d. for three miles otherwise, particularly on the buses, the passengers would rebook and secure economy to themselves.

493. And if you preserved the $1\frac{1}{2}$ and $2\frac{1}{2}$ mile fares at 5d. and 8d. respectively, would that have any effect on higher fares up the scale, if you are to raise the required revenue?—Certainly. If the revenue which we ask to be obtained from the alteration of the 5d. and 8d. fares is to be gained not from those fares but from somewhere else in the scale, having regard to the respective numbers of people travelling at the different distances it is bound to mean considerably higher increases in the fares above 1s. than are shown in this proposal here.

494. What is your estimate of the total net amount you hope to get from the 5d. and 8d. increase?—£125m.

495. I understand the higher mileages carry much less traffic and therefore you would have to increase very much more those fares in order to raise the sum of money?—Certainly.

496. Would continuing the half-mile charging have to be contemplated in relation to the scale to avoid rebooking anomalies?—Yes, it would. If, for example, the $1\frac{1}{2}$ and $2\frac{1}{2}$ mile fares remained at 5d. and 8d. but the 5-mile fare were increased to 1s. 3d., then it would be essential to introduce a 4½-mile fare also, otherwise, by taking a 2 and a 2½-mile, the charge would be 1s. 2d. instead of 1s. 3d.

497. We have heard before the difficulties, particularly on the buses, which any extension of half-mile charging would cause to conductors, and the ticket machine problems involved; do you endorse the views previously expressed that half-mile stages are to be avoided in the scale if possible for those reasons?—Yes, I do.

498. So far as the London lines day returns go, what is the effect if one applies assimilation to the day return fare on London lines?—As the day return on London lines is double the London Transport road and rail single, the increase on the day return at the given distances is double that shown in column 4 of the table.

499. Have you then produced RMR 6 to show the effect of the proposed scale on season tickets?—Yes; it is in three sheets, showing respectively monthly, weekly and three-monthly season ticket rates, the second two having precise relationship with the first.

500. So far as the increases are concerned for which you had authority on the 1st January, 1962, were they imposed at that time?—No, they were not.

501. And indeed I think you have brought that existing authorisation into effect at the same time as the increases temporarily authorised by the Tribunal on the 14th June?—Yes.

502. (President): That means column 2 is what they could have charged but were not charging?—That is right—the maximum.

503. (Mr. Crawford): Perhaps you would tell the Tribunal why you held your hand for the first half of the year in the charges you could have been making on season tickets?—Because as the 1st January came near—that is to say at the latter end of last year—it was already clear that we were going to incur higher costs in

the early months of this present year, and it did appear to British Railways and the London Transport Executive that undesirable—indeed unwise—to alter these season ticket rates with great frequency (as it would have appeared to passengers). In the knowledge, therefore, that it was virtually inevitable then that we should be coming before the Tribunal in the first half of 1962, it was decided to hold over the exercise of the powers in their hands in order to do the job in one instead of in two.

504. Broadly speaking, what is the percentage increase of the application over the old maximum scale?—It is broadly speaking five per cent, as shown in column 5 of RMR 6, sheet 1.

505. And what is the percentage of the amount which you had in hand?—That also, throughout most of the scale, was in fact broadly five per cent.

506. And in column 7, do you compare the proposed maximum with the existing, in relation to the season-ticket rates and 26 ordinary returns—day returns on London Lines?—Yes, we do. We have tried, subject only to keeping the new maximum to round shillings, to preserve the same relationship with the 26 ordinary returns as there was in the existing maximum; the figures are very near together.

507. I think you also produce Exhibit RMR 7, showing the comparison as far as British Railways and London Transport Railways are concerned, and the actual scales of monthly season-ticket rates before 3rd June, and the maximum in the temporarily authorised order which is now the proposed maximum in this Application?—Yes. This really combines the effect of the two steps into one, showing what actually happened.

508. Finally, have you prepared your estimates of the revenue yield which would result in the full year from these increases, in Exhibit RMR 8?—Yes, I have.

509. As far as London Transport is concerned, do you show in columns 5, 8 and 11 the year's receipts at the pre-existing charges before the 15th April?—Yes. That is for the three different forms of service; the total is shown in column 14.

510. Have you then taken your gross yield and discounted it in the usual way in respect of London Transport for each of the services and, of course, the total in columns 18 and 19?—Yes. We took the latest test of traffic travelling by different fare values which was available to us; that was in October, 1961, and we used that as the basis for calculations of the gross yield which was discounted then to show the figures shown in columns 7, 10 and 13.

511. And the total in column 16?—Yes.

512. Do you produce Exhibit RMR 9, which shows the discounts you have made in the various ranges?—That is, as you say, shown on our Exhibit RMR 9.

513. Perhaps the only significant discount which calls for some comment from you is in the last column, column 10, where you see the rather heavy discount in the 5d./8d. range?—Yes. That is due to what seems to us a reasonable calculation, or estimation, of what will happen when the gap between two fares on buses becomes 3d. instead of 2d.

514. Going back to RMR 8, in the season-ticket increases of course you explained that 5 per cent was within your powers, and the further 5 per cent is the product of the temporary increases; does that yield of £0.3m. relate, as to half of it, to the unused charging powers from the 1st January?—Yes, that is true.

516. Does that produce a total net yield for London Transport of £2.65m. for a full year in relation to the Application charges?—Yes. Could you just repeat that figure?

(President): Yes; of course, you are travelling outside the table, Mr. Crawford?

(Mr. Crawford): That is so, Sir.

(President): There is no reason why you should not, but I want to be quite clear that you are in fact doing so.

5 June, 1962]

MR. RICHARD MICHAEL ROBBINS

[Continued]

517. (*Mr. Crawford*): If you please, Sir. (*To the witness*): You have a figure of £2.7m. in all; some element of that is your existing powers, and a substantial element of it is your figure which would be yielded by the Application—

(*President*): No; where do we see a figure of £2.7m.?

(*Mr. Crawford*): I am sorry; it is £2.85m.

518. (*The witness*): If I could help, the Application is, for London Transport, in respect of £2.65m. in a full year, together with the £0.15m. from the increased season-ticket charges for which we have already authority, and we arrive at £2.8m.

(*President*): I am still lost. Will you please tell me what table we are referring to, and on that table in which column and in which line, we can find the figure of £2.8m.?

519. (*Mr. Crawford*): (*To the witness*): Will you look at RMR 8, column 16, which gives the total discounted yield for London Transport in line 5?—Yes, I have that.

(*President*): Yes, I have found that, but I thought you were talking about season-ticket fruits. We are talking about total fruits?

520. (*Mr. Crawford*): Yes, Sir. (*To the witness*): Your £2.85m. is the total fruit for London Transport of all your increased charges?—Yes.

521. How much of that figure is due to the fruits of the Application?—All but £0.15m.

522. £0.15m. of the seasons within your powers?—Yes, and there is £50,000—£0.05m.—from the corresponding increases in the concessional fares which are not the subject of this Application.

523. So it is £1.55m. outside the Application, leaving £2.65m. within the Application?—Yes, that is right.

(*President*): We are still lost; we have become extremely obtuse.

(*Mr. Crawford*): No doubt it is due to my deficiency in getting Mr. Robbins to give the answer, Sir.

(*President*): £2.85m. is the total fruits you expect to be reaping—well, to-day or to-morrow in London Transport; beginning with that figure, which you can take it that we can all read, will you now extend it or compress it as you wish.

524. (*Mr. Crawford*): (*To the witness*): Will you break it up for the Tribunal?—Yes. From London Transport fares of ordinary character, the yield in a full year is estimated to be £2.56m., as shown in the top cage under the figure (16). In addition to that there is half of the £2.90m. which is next figure underneath the £2.56m. of the season-tickets.

525. (*President*): Then £2.705m. is the Application sum about which we are talking.—Yes, which we have rounded to £2.7m. in the other document we have put in.

526. (*Mr. Crawford*): Does that take account of the increased concessional fares within your powers?—Yes, there is £50,000 included in that, which is on the concessional fares which we do not bring before the Tribunal.

527. Will you now turn to London Lines revenue—

528. (*President*): Before you ask about that, Mr. Crawford, I have just one more question. (*To the witness*): In which column and in which line is this £50,000 concession withdrawal revenue to be found?—It is included in line 1.

529. In the £2.560m.?—Yes, Sir.

530. So the real gross increase about which we are talking in the case of London Transport is £2.655m., is it not?—Yes.

531. It will not make any difference to the £50,000 limit, of course?—Perhaps it is a little misleading. In the £2.560m. at the top, is the £50,000 on these assorted fares which are not the subject of this Application; no doubt it would have been better to throw those up separately.

532. (*Mr. Crawford*): As far as British Railways London Lines are concerned you show the yields at the pre-existing charges and the gross and discounted yields in columns 3 and 4 of Exhibit RMR 8?—Yes, I do.

533. And do you show in column 4 the expected yield from all the increases now imposed on British Railways London Lines?—Yes.

534. Can you divide that up in relation to existing powers and the yield from this Application?—Yes. If you take columns 3 and 4 of item 1, that figure of £1,450,000 in column 3 includes £950,000 from the increases in the ordinary full fares and again certain related reduced fares within the existing charging powers. The corresponding figure in column 4 is £440,000. As regards the season-ticket rates, the same is true there as of London Transport Railways, namely, that approximately half of the yield is derived from the powers which we already possessed.

535. (*President*): Then we are fighting, in the case of British Railways London Lines, about £0.7m.?—Yes, Sir.

536. Column 4 line 1 being reduced to £0.2m., and column 4 line 2 being reduced to £0.5m.?—That is so, yes.

(*Mr. Crawford*): And as you see from the note, Sir, the £0.2m. is the return from the Tilbury Line and the day returns.

(*President*): Yes.

537. (*Mr. Crawford*): (*To the witness*): That is so, is it not?—Yes, that is so. I have tried to explain that there is a service alteration which has already been referred to, the electrification of the London, Tilbury & Southend line, which is to take place almost completely during the present month, and additional receipts amounting to a quarter of a million pounds have been included in these figures in the estimates for 1962. That is in line with evidence, I think given by Mr. Winchester, to the effect that he foresaw a £0.5m. benefit in a full year on the Tilbury line.

538. You have referred to the final note in your Exhibit RMR 8 about the £250,000; I am right in saying, am I not, that that is not the same as the £0.2m. in column 4, line 1?—It is in the figure for 1962. It is in the £36,336 which appears at the bottom of column 2, but it is not included in any of the benefits from the yields which are expected to be derived from the proposals now before the Tribunal. If you would look at Exhibit RMR 10, you will see that it is shown there as £0.25m. in the £36.3m. You will see that the £36.2m. which is carried on to Exhibit RMR 8, has this London, Tilbury & Southend Line in it there; therefore it does not appear in either column 3 or 4.

539. The £700,000 total for the present charges sought, in line 5 of column 4, is made up of two items, is it not?—Yes.

(*President*): You are still dealing with London Lines?

(*Mr. Crawford*): Yes, Sir.

(*Mr. Goff*): What was said to be made up of two items?

(*President*): Line 5, column 4.

(*Mr. Goff*): I am much obliged, Sir.

(*President*): We have reduced the revenue which is out of our hands to £0.7m.

540. (*Mr. Crawford*): (*To the witness*): That being the £940,000 at existing fares?—Yes. That is made up of two portions; that is to say £700,000 and £200,000.

541. We have established the element of present charges at £700,000 for the subject of the Application?—Yes, for the subject of the Application.

542. And that is in the £1,640,000?—Yes, it is.

543. And that figure, in turn, is made up of the two elements, namely £640,000 and £1,000,000?—Yes.

5 June, 1962]

MR. RICHARD MICHAEL ROBBINS

[Continued

544. Can you divide the £700,000 between those two classes?—It requires a moment of arithmetic to do it, but it can be done. It arises, as to £0.2m., from the ordinary and day-return fares—that is to say, item 1—and as to £0.5m. in the season-ticket rates.

(Mr. Crawford): That is all the evidence I seek to tender through Mr. Robbins, Sir.

(President): Does anyone desire to cross-examine Mr. Robbins?

(Mr. Goff): Not now, Sir!

(President): Yes, I meant to-day. I said yesterday that at this stage, anyone here who had a speech they would like to deliver could do so, and now is their opportunity. (No response).

If we are not even going to have speeches, we shall adjourn now and resume at half-past ten on Tuesday, 19th June.

(Mr. Fay): In view of your observations this morning, Sir, about Mr. Dickson's evidence, would you like to have translated a table setting out the figure which he gave?

(President): Yes, I think so.

(Mr. Fay): Following your observations, we did produce Exhibit RMR 10.

(President): Yes; produce something with some figures in it and, of course, circulate it. That is what you were going to ask, Mr. Goff.

(Mr. Goff): If you please, Sir.

(The witness withdrew)

(Adjourned until Tuesday, 19th June, 1962, at 10.30 a.m.)

5 June, 1962]

[Continued]

EXHIBIT RMR 3

LONDON TRANSPORT EXECUTIVE

PASSENGER TRAFFIC RECEIPTS (AFTER CLEARANCES)—YEAR 1961
COMPARED WITH BUDGET

ALL SERVICES

Week Ended	Weekly Figures				Cumulative Figures			
	Budget	Actual Receipts	Deviation from Budget		Budget	Actual Receipts	Deviation from Budget	
			Amount	Per cent			Amount	Per cent
	£000	£000	£000	%	£000	£000	£000	%
Jan. 8	1,600	1,611	+ 11	+ .7	1,600	1,611	+ 11	+ .7
15	1,587	1,597	+ 10	+ .6	3,187	3,208	+ 21	+ .7
22	1,589	1,627	+ 38	+ 2.4	4,776	4,835	+ 59	+ 1.2
29	1,590	1,555	- 35	- 2.2	6,366	6,390	+ 24	+ .4
Feb. 5	1,600	1,589	- 11	- .7	7,966	7,979	+ 13	+ .2
12	1,609	1,613	+ 4	+ .2	9,575	9,592	+ 17	+ .2
19	1,619	1,649	+ 30	+ 1.9	11,194	11,241	+ 47	+ .4
26	1,649	1,654	+ 5	+ .3	12,843	12,895	+ 52	+ .4
Mar. 5	1,661	1,703	+ 42	+ 2.5	14,504	14,598	+ 94	+ .6
12	1,668	1,704	+ 36	+ 2.2	16,172	16,302	+ 130	+ .8
19	1,674	1,699	+ 25	+ 1.5	17,846	18,001	+ 155	+ .9
26	1,664	1,692	+ 28	+ 1.7	19,510	19,693	+ 183	+ .9
Apl. 2 Good Friday	1,569	1,586	+ 17	+ 1.1	21,079	21,279	+ 200	+ .9
9 Easter Monday	1,618	1,564	- 54	- 3.3	22,697	22,843	+ 146	+ .6
16	1,659	1,729	+ 70	+ 4.2	24,356	24,572	+ 216	+ .9
23	1,689	1,697	+ 17	+ 1.0	26,036	26,269	+ 233	+ .9
30	1,694	1,710	+ 16	+ .9	27,730	27,979	+ 249	+ .9
May 7	1,700	1,702	+ 2	+ .1	29,430	29,681	+ 251	+ .9
14	1,705	1,749	+ 44	+ 2.6	31,135	31,430	+ 295	+ .9
21	1,691	1,717	+ 26	+ 1.5	32,826	33,147	+ 321	+ 1.0
28 Whit Monday	1,621	1,665	+ 44	+ 2.7	34,447	34,812	+ 365	+ 1.1
June 4	1,692	1,698	+ 6	+ .4	36,139	36,510	+ 371	+ 1.0
11	1,694	1,669	- 25	- 1.5	37,833	38,179	+ 346	+ .9
18	1,693	1,679	- 14	- .8	39,526	39,858	+ 332	+ .8
25	1,692	1,696	+ 4	+ .2	41,218	41,554	+ 336	+ .8
July 2	1,699	1,676	- 23	- 1.4	42,917	43,230	+ 313	+ .7
9	1,690	1,687	- 3	- .2	44,607	44,917	+ 310	+ .7
16	1,696	1,660	- 36	- 2.1	46,303	46,577	+ 274	+ .6
23	1,696	1,709	+ 13	+ .8	47,999	48,286	+ 287	+ .6
30	1,694	1,705	+ 11	+ .6	49,693	49,991	+ 298	+ .6
Aug. 6	1,711	1,694	- 17	- 1.0	51,404	51,685	+ 281	+ .5
13 August Monday	1,644	1,646	+ 2	+ .1	53,408	53,331	+ 283	+ .5
20	1,703	1,687	- 16	- .9	54,751	55,018	+ 267	+ .5
27	1,727	1,688	- 39	- 2.3	56,478	56,706	+ 228	+ .4
Sep. 3	1,733	1,729	- 4	- .2	58,211	58,435	+ 224	+ .4
10	1,744	1,725	- 19	- 1.1	59,955	60,160	+ 205	+ .3
17	1,749	1,707	- 42	- 2.4	61,704	61,867	+ 163	+ .3
24	1,748	1,753	+ 5	+ .3	63,452	63,620	+ 168	+ .3
Oct. 1	1,746	1,760	+ 14	+ .8	65,198	65,380	+ 182	+ .3
8	1,738	1,768	+ 30	+ 1.7	66,936	67,148	+ 212	+ .3
15	1,735	1,745	+ 10	+ .6	68,671	68,893	+ 222	+ .3
22	1,737	1,726	- 11	- .6	70,408	70,619	+ 211	+ .3
29	1,778	1,797	+ 19	+ 1.1	72,186	72,416	+ 230	+ .3
Nov. 5	1,745	1,746	+ 1	+ .1	73,931	74,162	+ 231	+ .3
12	1,736	1,685	- 51	- 2.9	75,667	75,847	+ 180	+ .2
19	1,743	1,711	- 32	- 1.8	77,410	77,558	+ 148	+ .2
26	1,745	1,732	- 13	- .7	79,155	79,290	+ 135	+ .2
Dec. 3	1,792	1,731	- 61	- 3.4	80,947	81,021	+ 74	+ .1
10	1,822	1,815	- 7	- .4	82,769	82,836	+ 67	+ .1
17	1,822	1,812	- 10	- .5	84,591	84,648	+ 57	+ .1
24	1,786	1,755	- 31	- 1.7	86,377	86,403	+ 26	—
31 Christmas	1,259	1,196	- 63	- 5.0	87,636	87,599	- 37	—
Add: 1 day—1st Jan.	104	108	+ 4	+ 3.8	87,740	87,707	- 33	—
TOTAL	87,740	87,707	- 33	—	87,740	87,707	- 33	—

Note: Fares revisions—15th January, 1961, and 30th July, 1961

5 June, 1962]

[Continued]

EXHIBIT RMR 4

LONDON TRANSPORT EXECUTIVE

ESTIMATED PASSENGER TRAFFIC RECEIPTS (AFTER CLEARANCES)—YEAR 1962
COMPARED WITH BUDGET

ALL SERVICES

Week Ended	Weekly Figures				Cumulative Figures			
	Budget	Actual Receipts	Deviation from Budget		Budget	Actual Receipts	Deviation from Budget	
			Amount	Per cent			Amount	Per cent
	£000	£000	£000	%	£000	£000	£000	%
Jan. 7	1,681	1,658	— 23	— 1.4	1,681	1,658	— 23	— 1.4
14	1,660	1,683	+ 23	+ 1.4	3,341	3,341	—	—
21	1,649	1,669	+ 20	+ 1.2	4,990	5,010	+ 20	+ .4
28	1,632	1,683	+ 51	+ 3.2	6,622	6,693	+ 71	+ 1.1
Feb. 4	1,627	1,607	— 20	— 1.2	8,249	8,300	+ 51	+ .6
11	1,641	1,676	+ 35	+ 2.1	9,890	9,976	+ 86	+ .9
18	1,653	1,652	— 1	—	11,543	11,628	+ 85	+ .7
25	1,687	1,641	— 46	— 2.7	13,230	13,269	+ 39	+ .3
Mar. 4	1,704	1,651	— 53	— 3.1	14,934	14,920	— 14	— .1
11	1,710	1,677	— 33	— 2.0	16,644	16,597	— 47	— .3
18	1,717	1,697	— 20	— 1.2	18,361	18,294	— 67	— .4
25	1,720	1,698	— 22	— 1.3	20,081	19,992	— 89	— .4
Apl. 1	1,720	1,695	— 25	— 1.4	21,801	21,687	— 114	— .5
8	1,724	1,674	— 50	— 2.9	23,525	23,361	— 164	— .7
15	1,725	1,707	— 18	— 1.0	25,250	25,068	— 182	— .7
22 Good Friday	1,610	1,638	+ 28	+ 1.8	26,860	26,706	— 154	— .6
29 Easter Monday	1,652	1,698	+ 46	+ 2.8	28,512	28,404	— 108	— .4
May 6	1,768	1,773	+ 5	+ .3	30,280	30,177	— 103	— .3
13	1,775	1,766	— 9	— .5	32,055	31,943	— 112	+ .3
20	1,770	1,755	— 15	— .8	33,825	33,698	— 127	— .4
27	1,760				35,585			
June 3	1,755				37,340			
10	1,765				39,105			
17 Whit Monday	1,698				40,803			
24	1,772				42,575			
July 1	1,774				44,349			
8	1,770				46,119			
15	1,774				47,893			
22	1,780				49,673			
29	1,784				51,457			
Aug. 5	1,755				53,212			
12 August Monday	1,674				54,886			
19	1,738				56,624			
26	1,760				58,384			
Sep. 2	1,778				60,162			
9	1,780				61,942			
16	1,787				63,729			
23	1,801				65,530			
30	1,802				67,332			
Oct. 7	1,799				69,131			
14	1,789				70,920			
21	1,781				72,701			
28	1,840				74,541			
Nov. 4	1,781				76,322			
11	1,760				78,082			
18	1,771				79,853			
25	1,778				81,631			
Dec. 2	1,813				83,444			
9	1,873				85,317			
16	1,873				87,190			
23	1,825				89,015			
30 Christmas	1,270				90,285			
Add: 1 day 31st Dec.	251				90,536			
TOTAL	90,536				90,536			

Note: Fares revisions—15th April, 1961, and 3rd June, 1961

5 June, 1962]

[Continued

EXHIBIT RMR 5

LONDON TRANSPORT AND L.T. & S. ORDINARY FARES

COMPARISON OF MAXIMUM ORDINARY FARES—1959 SCHEME, AS AMENDED BY THE TRANSPORT TRIBUNAL'S ORDER OF THE 14th JUNE, 1961 (OLD MAXIMUM) AND MAXIMUM ORDINARY FARES TEMPORARILY AUTHORISED BY THE TRIBUNAL'S ORDER DATED 26th MARCH, 1962 (PROPOSED MAXIMUM).

Miles (1)	Old Maximum Fares (2)	Proposed Maximum (temporarily authorised) fares (3) (A)	Increase Col. (3) over Col. (2) (4)
	s. d.	s. d.	s. d.
1	3	3	—
1½	5	6*	1
2	8	6	—
2½	9	9*	1
3	11	9	—
4	11	1 0	1
5	1 1	1 2	1
6	1 3	1 4	1
7	1 5	1 6	1
8	1 7	1 8	1
9	1 9	1 10	1
10	1 11	2 0	1
11	2 1	2 2	1
12	2 3	2 4	1
13	2 5	2 6	1
14	2 7	2 8	1
15	2 9	2 10	1
16	2 10	3 0	2
17	3 0	3 2	2
18	3 2	3 4	2
19	3 4	3 6	2
20	3 6	3 8	2
21	3 8	3 10	2
22	3 10	4 0	2
23	4 0	4 3	3
24	4 2	4 5	3
25	4 4	4 7	3
26	4 6	4 9	3
27	4 8	4 11	3
28	4 10	5 2	4
29	5 0	5 4	4
30	5 2	5 6	4
35	6 0	6 5	5
40	6 10	7 4	6
45	7 8	8 3	7
50	8 6	9 3	9

(A) Temporarily authorised increases to operate from 3rd June except those marked * which were brought into operation on 15th April, 1962.

5 June, 1962]

[Continued

EXHIBIT RMR 6

SHEET 1

BRITISH RAILWAYS AND LONDON TRANSPORT RAILWAYS

COMPARISON OF MAXIMUM MONTHLY SEASON TICKET RATES—1959 SCHEME
AS AMENDED BY THE TRIBUNAL'S ORDER DATED 14th JUNE, 1961, SCHEDULE 5
PART 2 (OLD MAXIMUM), AND AS TEMPORARILY AUTHORISED BY THE
TRIBUNAL'S ORDER DATED 26TH MARCH, 1962 (PROPOSED MAXIMUM)

Miles (1)	Old Maximum Scale (2)	(A) Proposed (Temporarily Authorised) Maximum Scale (3)	Increase Col. (3) Over Col. (2)		Season Ticket Rate compared with 26 L.T. Ordinary Return (or London Lines Day Return) Fares	
			Amount (4)	Per Cent (5)	Existing Maximum (6)	Proposed Maximum (7)
	£ s. d.	£ s. d.	£ s. d.	%	%	%
1	1 0 0	1 0 0	—	—	+53.8	+53.8
2	1 7 0	1 7 0	—	—	+3.8	+3.8
3	1 14 0	1 14 0	—	—	-12.8	-12.8
4	2 0 0	2 2 0	2 0	5.0	-16.1	-19.2
5	2 5 0	2 7 0	2 0	4.4	-20.1	-22.5
6	2 11 0	2 14 0	3 0	5.9	-21.5	-22.1
7	2 16 0	2 19 0	3 0	5.4	-24.0	-24.4
8	3 2 0	3 5 0	3 0	4.8	-24.7	-25.0
9	3 7 0	3 10 0	3 0	4.5	-26.4	-26.6
10	3 12 0	3 16 0	4 0	5.6	-27.8	-26.9
11	3 17 0	4 1 0	4 0	5.2	-28.9	-28.1
12	4 2 0	4 6 0	4 0	4.9	-29.9	-29.1
13	4 6 0	4 10 0	4 0	4.7	-31.6	-30.8
14	4 10 0	4 15 0	5 0	5.6	-33.0	-31.5
15	4 15 0	5 0 0	5 0	5.3	-33.6	-32.1
16	4 19 0	5 4 0	5 0	5.1	-32.8	-33.3
17	5 4 0	5 9 0	5 0	4.8	-33.3	-33.8
18	5 8 0	5 13 0	5 0	4.6	-34.4	-34.8
19	5 12 0	5 18 0	6 0	5.4	-35.4	-35.2
20	5 17 0	6 3 0	6 0	5.1	-35.7	-35.5
21	6 1 0	6 7 0	6 0	5.0	-36.5	-36.3
22	6 5 0	6 11 0	6 0	4.8	-37.3	-37.0
23	6 10 0	6 16 0	6 0	4.6	-37.5	-38.5
24	6 14 0	7 0 0	6 0	4.5	-38.2	-39.0
25	6 18 0	7 5 0	7 0	5.1	-38.8	-39.2
26	7 1 0	7 8 0	7 0	5.0	-39.7	-40.1
27	7 4 0	7 11 0	7 0	4.9	-40.7	-42.4
28	7 6 0	7 13 0	7 0	4.8	-41.9	-43.1
29	7 8 0	7 16 0	8 0	5.4	-43.1	-43.7
30	7 11 0	7 19 0	8 0	5.3	-43.8	-44.4
35	8 3 0	8 11 0	8 0	4.9	-47.8	-48.8
40	8 15 0	9 3 0	8 0	4.6	-50.8	-52.0
45	9 7 0	9 16 0	9 0	4.8	-53.1	-54.3
50	10 0 0	10 11 0	11 0	5.5	-54.8	-56.1

(A) Temporarily authorised increases to operate from 3rd June, 1962

5 June, 1962]

[Continued]

EXHIBIT RMR 6

SHEET 2

BRITISH RAILWAYS AND LONDON TRANSPORT RAILWAYS

COMPARISON OF MAXIMUM WEEKLY SEASON TICKET RATES—1959 SCHEME
AS AMENDED BY THE TRIBUNAL'S ORDER DATED 14th JUNE, 1961, SCHEDULE 5
PART 2 (OLD MAXIMUM), AND AS TEMPORARILY AUTHORISED BY THE
TRIBUNAL'S ORDER DATED 26TH MARCH, 1962 (PROPOSED MAXIMUM)

Miles (1)	Old Maximum Scale (2)	(A) Proposed (Temporarily Authorised) Maximum Scale (3)	Increase Col. (3) Over Col. (2)		Season Ticket Rate compared with 6 L.T. Ordinary Return (or London Lines Day Return) Fares	
			Amount (4)	Per Cent (5)	Existing Maximum (6)	Proposed Maximum (7)
	£ s. d.	£ s. d.	£ s. d.	%	%	%
1	5 6	5 6	—	—	+83.3	+83.3
2	7 6	7 6	—	—	+25.0	+25.0
3	9 6	9 6	—	—	+5.6	+5.6
4	11 0	11 9	9	6.8	—	-2.1
5	12 6	13 0	6	4.0	-3.8	-7.1
6	14 3	15 0	9	5.3	-5.0	-6.3
7	15 6	16 3	9	4.8	-8.8	-9.7
8	17 3	18 0	9	4.3	-9.2	-10.0
9	18 6	19 3	9	4.1	-11.9	-12.5
10	1 0 0	1 1 0	1 0	5.0	-13.0	-12.5
11	1 1 3	1 2 6	1 3	5.9	-15.0	-13.5
12	1 2 9	1 3 9	1 0	4.4	-15.7	-15.2
13	1 3 9	1 4 9	1 0	4.2	-18.1	-17.5
14	1 4 9	1 6 3	1 6	6.1	-20.2	-18.0
15	1 6 3	1 7 6	1 3	4.8	-20.5	-19.1
16	1 7 3	1 8 9	1 6	5.5	-19.9	-20.1
17	1 8 9	1 10 0	1 3	4.3	-20.1	-21.1
18	1 9 9	1 11 3	1 6	5.0	-21.7	-21.9
19	1 11 0	1 12 6	1 6	4.8	-22.5	-22.6
20	1 12 3	1 14 0	1 9	5.4	-23.2	-22.7
21	1 13 6	1 15 0	1 6	4.5	-23.9	-23.9
22	1 14 6	1 16 3	1 9	5.1	-25.0	-24.5
23	1 15 9	1 17 6	1 9	4.9	-25.5	-26.5
24	1 17 0	1 18 6	1 6	4.1	-26.0	-27.4
25	1 18 0	2 0 0	2 0	5.3	-26.9	-27.3
26	1 19 0	2 1 0	2 0	5.1	-27.8	-28.1
27	2 0 0	2 2 0	2 0	5.0	-28.6	-28.8
28	2 0 6	2 2 6	2 0	4.9	-30.2	-31.5
29	2 1 0	2 3 0	2 0	4.9	-31.7	-32.8
30	2 2 0	2 4 0	2 0	4.8	-32.3	-33.3
35	2 5 0	2 7 6	2 6	5.6	-37.5	-38.3
40	2 8 6	2 10 6	2 0	4.1	-40.9	-42.6
45	2 11 6	2 14 0	2 6	4.9	-44.0	-45.5
50	2 15 0	2 19 0	4 0	7.3	-46.1	-46.8

(A) Temporarily authorised increases to operate from 3rd June, 1962

5 June, 1962]

[Continued]

EXHIBIT RMR 6

SHEET 3

BRITISH RAILWAYS AND LONDON TRANSPORT RAILWAYS

COMPARISON OF MAXIMUM THREE-MONTHLY SEASON TICKET RATES—1959
SCHEME AS AMENDED BY THE TRIBUNAL'S ORDER DATED 14th JUNE, 1961,
SCHEDULE 5, PART 2 (OLD MAXIMUM), AND AS TEMPORARILY AUTHORISED BY
THE TRIBUNAL'S ORDER DATED 26TH MARCH, 1962 (PROPOSED MAXIMUM)

Miles (1)	Old Maximum Scale (2)	(A) Proposed (Temporarily Authorised) Maximum Scale (3)	Increase Col. (3) Over Col. (2)		Season Ticket Rate compared with 78 L.T. Ordinary Return (or London Lines Day Return) Fares	
			Amount (4)	Per Cent (5)	Existing Maximum (6)	Proposed Maximum (7)
	£ s. d.	£ s. d.	£ s. d.	%	%	%
1	2 14 0	2 14 0	—	—	+38.5	+38.5
2	3 13 0	3 13 0	—	—	— 6.4	— 6.4
3	4 12 0	4 12 0	—	—	—21.4	—21.4
4	5 8 0	5 14 0	6 0	5.5	—24.5	—26.9
5	6 2 0	6 7 0	5 0	4.1	—27.8	—30.2
6	6 18 0	7 6 0	8 0	5.8	—29.2	—29.8
7	7 12 0	8 0 0	8 0	5.3	—31.2	—31.6
8	8 8 0	8 16 0	8 0	4.8	—32.0	—32.3
9	9 1 0	9 9 0	8 0	4.4	—33.7	—33.9
10	9 15 0	10 6 0	11 0	5.6	—34.8	—34.0
11	10 8 0	10 19 0	11 0	5.3	—36.0	—35.2
12	11 2 0	11 13 0	11 0	4.9	—36.8	—36.0
13	11 13 0	12 3 0	10 0	4.3	—38.2	—37.7
14	12 3 0	12 17 0	14 0	5.8	—39.7	—38.2
15	12 17 0	13 10 0	13 0	5.1	—40.1	—38.9
16	13 8 0	14 1 0	13 0	4.9	—39.4	—40.0
17	14 1 0	14 15 0	14 0	5.0	—40.0	—40.3
18	14 12 0	15 6 0	14 0	4.8	—40.9	—41.2
19	15 3 0	15 19 0	16 0	5.3	—41.7	—41.6
20	15 16 0	16 13 0	17 0	5.4	—42.1	—41.8
21	16 7 0	17 3 0	16 0	5.0	—42.8	—42.6
22	16 18 0	17 14 0	16 0	4.7	—43.5	—43.3
23	17 11 0	18 8 0	17 0	4.8	—43.8	—44.5
24	18 2 0	18 18 0	16 0	4.4	—44.3	—45.1
25	18 13 0	19 12 0	19 0	5.1	—44.8	—45.2
26	19 1 0	20 0 0	19 0	5.0	—45.7	—46.0
27	19 9 0	20 8 0	19 0	4.9	—46.6	—46.8
28	19 15 0	20 14 0	19 0	4.8	—47.6	—48.6
29	20 0 0	21 2 0	1 2 0	5.5	—48.7	—49.3
30	20 8 0	21 10 0	1 2 0	5.4	—49.4	—49.9
35	22 1 0	23 2 0	1 1 0	4.8	—52.9	—53.8
40	23 13 0	24 15 0	1 2 0	4.7	—55.6	—56.7
45	25 5 0	26 10 0	1 5 0	5.0	—57.8	—58.8
50	27 0 0	28 10 0	1 10 0	5.6	—59.3	—60.5

(A) Temporarily authorised increases to operate from 3rd June, 1962

5 June, 1962]

[Continued

EXHIBIT RMR 7

BRITISH RAILWAYS AND LONDON TRANSPORT RAILWAYS

COMPARISON OF ACTUAL SCALE OF MONTHLY SEASON TICKET RATES IN OPERATION BEFORE 3rd JUNE, 1962, AND THE SCALE OF MAXIMUM MONTHLY RATES TEMPORARILY AUTHORISED BY TRANSPORT TRIBUNAL'S ORDER DATED 26th MARCH, 1962 (PROPOSED MAXIMUM)

Miles (1)	Old Actual Scale (2)	Proposed (Temporarily Authorised) Maximum Scale (3) (A)	Increase Column (3) Over Column (2)	
			Amount (4)	Per Cent (5)
	£ s. d.	£ s. d.	£ s. d.	%
1	1 0 0	1 0 0	—	—
2	1 7 0	1 7 0	—	—
3	1 13 0	1 14 0	1 0	3.0
4	1 19 0	2 2 0	3 0	7.7
5	2 4 0	2 7 0	3 0	6.8
6	2 9 0	2 14 0	5 0	10.2
7	2 14 0	2 19 0	5 0	9.3
8	2 19 0	3 5 0	6 0	10.2
9	3 4 0	3 10 0	6 0	9.4
10	3 9 0	3 16 0	7 0	10.1
11	3 13 0	4 1 0	8 0	11.0
12	3 18 0	4 6 0	8 0	10.3
13	4 2 0	4 10 0	8 0	9.8
14	4 6 0	4 15 0	9 0	10.5
15	4 10 0	5 0 0	10 0	11.1
16	4 14 0	5 4 0	10 0	10.6
17	4 19 0	5 9 0	10 0	10.1
18	5 3 0	5 13 0	10 0	9.7
19	5 7 0	5 18 0	11 0	10.3
20	5 11 0	6 3 0	12 0	10.8
21	5 15 0	6 7 0	12 0	10.4
22	5 19 0	6 11 0	12 0	10.1
23	6 3 0	6 16 0	13 0	10.6
24	6 7 0	7 0 0	13 0	10.2
25	6 11 0	7 5 0	14 0	10.7
26	6 14 0	7 8 0	14 0	10.4
27	6 17 0	7 11 0	14 0	10.2
28	6 19 0	7 13 0	14 0	10.1
29	7 1 0	7 16 0	15 0	10.6
30	7 4 0	7 19 0	15 0	10.4
35	7 15 0	8 11 0	16 0	10.3
40	8 6 0	9 3 0	17 0	10.2
45	8 18 0	9 16 0	18 0	10.1
50	9 11 0	10 11 0	1 0 0	10.5

(A) Temporarily authorised increases to operate from 3rd June, 1962

5 June, 1962]

[Continued

EXHIBIT RMR 8

LONDON AREA

APPLICATION DATED 16th APRIL, 1962 UNDER SECTION 79 OF THE TRANSPORT ACT, 1947
FOR ALTERATION TO BRITISH TRANSPORT COMMISSION (PASSENGER) CHARGES SCHEME 1959
AS ALTERED BY THE TRANSPORT TRIBUNAL'S ORDER DATED 14th JUNE, 1961

Estimated Annual Revenue at charges applying before 15th April, 1962 and Estimated Annual Increases in Revenue from Proposed (Temporarily Authorised) Charges authorised by Transport Tribunal's Order dated 26th March, 1962

Item No.	Category of Charge	B.R. London Lines			L.T.E. Railways			Central and Country Buses			Coaches			Total L.T.E.			Grand Total		
		Year's receipts at Charges applying before 15th Apr 1962	Yield		Year's receipts at Charges applying before 15th Apr 1962	Yield		Year's receipts at Charges applying before 15th Apr 1962	Yield		Year's receipts at Charges applying before 15th Apr 1962	Yield		Year's receipts at Charges applying before 15th Apr 1962	Yield		Year's receipts at Charges applying before 15th Apr 1962	Yield	
			Gross	Dis-counted		Gross	Dis-counted		Gross	Dis-counted		Gross	Dis-counted		Gross	Dis-counted		Gross	Dis-counted
1.	Ordinary, day return, etc. (B.R. & L.T.E.—Rail) and ordinary and cheap day fares and T.E. Road Services)	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
		(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
		21,073	1,450*	640*	22,320	1,422	820	54,784	3,313	1,640	3,127	155	100	80,231	4,890	2,560	101,304	6,340	3,200
2.	Season ticket rates (including weekly tickets)	16,925	1,600†	1,000†	4,860	480†	290†	24	2	—	123	5	—	5,007	487†	290†	21,932	2,087†	1,290†
3.	Miscellaneous charges not included in Items 1 & 2	338	—	—	340	—	—	1,242	—	—	—	—	—	1,582	—	—	1,920	—	—
4.	Clearance between B.R. & L.T.E. Within London Area Into and Out of London Area	—	—	—	2,000	—	—	—	—	—	—	—	—	2,000	—	—	—	—	—
		—	—	—	(-100)	—	—	—	—	—	—	—	—	(-100)	—	—	(-100)	—	—
5.	TOTAL	36,336	3,050	1,640	29,420	1,902	1,110	56,050	3,315	1,640	3,250	160	100	88,720	5,377	2,850	125,056	8,427	4,490

NOTE—The allowance for loss and drop back of traffic, used in calculating the discounted yields, are shown on Exhibit RMR.9.

* Includes £950,000 gross, £440,000 discounted yield from increases in ordinary full fares, and certain related reduced fares, within existing charging powers as granted by the Tribunal's Order dated 8th July, 1959.

† Approximately one-half of the yield to be derived from increases in season ticket rates is within existing charging powers as granted by the Tribunal's Order dated 14th June, 1961.

The figures in cols. (2), (5), (8), (11), (14) and (17) are the Budget figures for 1962 used for a future year. So far as col. (2) is concerned the only service alteration to be introduced in 1962 is the electrification of the London Tilbury and Southend Line (from June) which it is anticipated will produce additional receipts of £250,000 in 1962 (included in the figures).

5 June, 1962]

[Continued]

EXHIBIT RMR 9

LONDON AREA

APPLICATION DATED 16th APRIL, 1962, UNDER SECTION 79 OF THE TRANSPORT ACT 1947, FOR ALTERATION TO BRITISH TRANSPORT COMMISSION (PASSENGER) CHARGES SCHEME 1959 AS ALTERED BY THE TRANSPORT TRIBUNALS ORDER DATED 14th JUNE, 1961
SUMMARY OF ASSUMED LOSS OR DROP BACK OF TRAFFIC IN CALCULATING THE DIVISIONAL YIELDS SHOWN ON EXHIBIT RMR 8

(Column Numbers refer to Column Numbers in Revenue Statement (Exhibit RMR 8))

Item No.	Category of Charges	B.R. London Lines			London Transport Railways			Central Road Services and Country Buses				Coaches		
		Column 4	Column 7			Column 10				Column 13				
		Assumed loss of Traffic	Range of Existing Fares Affected	Increase in Fares	Assumed loss of passengers at Fare Values Affected	Range of Existing Fares Affected	Increase in Fares	Assumed loss of passengers at Fare Values Affected	Assumed drop back of passengers to next Lower Fare	Range of Existing Fares Affected	Increase in Fares	Assumed loss of Traffic		
1	Ordinary, day return, etc. (B.R. and L.T.E. Rail) and Ordinary and Cheap day fares (L.T.E. road services)	(a) 2% (b) 3% (c) 4½% (see below)	5d., 8d. & 11d. 1s. 1d.-2s. 1d. 2s. 3d.-2s. 9d. 2s. 10d.-3s. 10d. 4s. 0d. upwards	1d. 1d. 1d. 2d. 3d.-11d.	5% 2½% 1% 1% 1%	5d. 8d. 11d. 1s. 1d. 1s. 3d.-2s. 1d. 2s. 3d.-2s. 7d.	1d. 1d. 1d. 1d. 1d. 1d.	3% 2½% 2½% 2½% 2½% 1%	12% 10% 5% 2½%	1s. 1d.-2s. 1d. 2s. 3d.-2s. 9d. 2s. 10d.-6s. 0d.	1d. 1d. 2d.-5d.	24% 1% 1%		
2	Season ticket rates (including weekly tickets)	Approx. 3%	All rates 3 miles or more	Approx. 10%	Approx. 3½%	All	Approx. 8%	Approx. 2%	—	All	Approx. 4%	Approx. 2%		

(a) Ordinary full fares—L.T. & S. line

(b) Day return fares

(c) Ordinary full fares other than L.T. & S. Line and certain related reduced fares increased within existing charging powers

5 June, 1962]

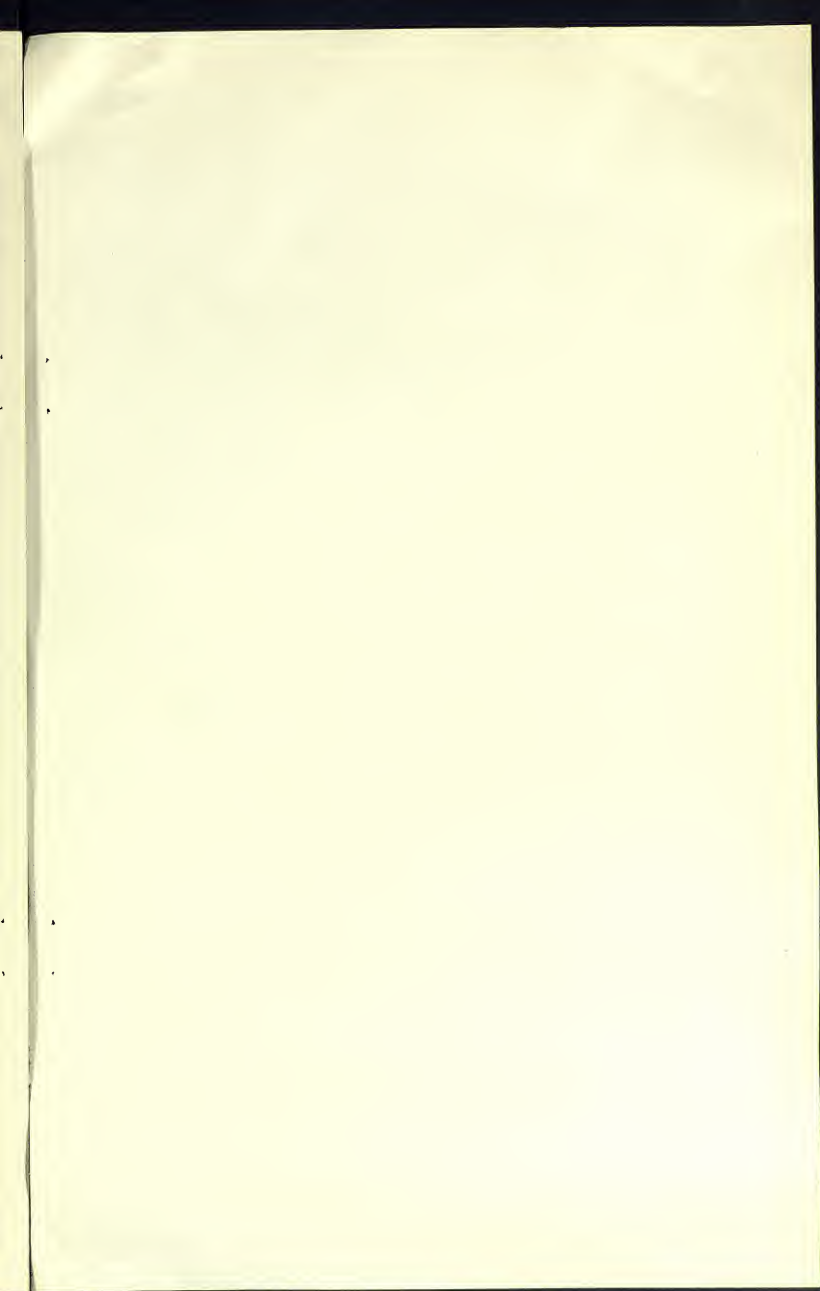
[Continued

EXHIBIT RMR 10

BRITISH RAILWAYS LONDON LINES

BUDGET OF PASSENGER TRAFFIC RECEIPTS—
RECONCILIATION OF BUDGET FOR 1962 WITH
ORIGINAL BUDGET FOR 1961 SHOWN ON
EXHIBIT BH 28 ON PAGE 56 OF 1961 INQUIRY

	£m.
Original Budget for Year 1961	32.9
Add yield in 1961 of fares increases of—	
15th January, 1961	
30th July, 1961	
1st September, 1961*	+ 1.3
(* increases in British Railways ordinary fares generally from 2½d. to 2½d. per mile)	
	34.2
Adjust for other causes :—	
Expansion of modernised services (Electrification— Liverpool Street to Enfield, Chingford, Hertford (E) and Bishops Cleeve from 21st November, 1960) and expansion of outer areas (new towns, etc.) in excess of expectation	+ 1.1
Actual Receipts 1961	35.3
Add further yield in 1962 of fares increases com- mencing in 1961	+ 0.5
	35.8
Adjust for continued development of traffic due to modernised services and expansion of new towns, including £0.25m. from electrification of the L.T. & S. Line in June, 1962	+ 0.5
Budget for 1962	36.3



© Crown copyright 1962

Published by
HER MAJESTY'S STATIONERY OFFICE

To be purchased from
York House, Kingsway, London W.C.2
423 Oxford Street, London, W.1
13A Castle Street, Edinburgh 2
109 St. Mary Street, Cardiff
39 King Street, Manchester 2
50 Fairfax Street, Bristol 1
35 Smallbrook, Ringway, Birmingham 5
80 Chichester Street, Belfast 1
or through any bookseller

Printed in England under the authority of Her Majesty's Stationery Office by
E. G. Ellis & Sons, Willow Street, Chingford, E.4